WORLD BANK NEWS

Volume XII, No.43 November 11, 1993

LENDING

Brazil Fights Growing AIDS Epidemic

Brazil's battle against AIDS received a boost on November 9 when the World Bank approved a $160 million loan in support of a new four-year, $250 million plan aimed at stemming the spread of AIDS and strengthening Brazil's health agencies that deal with its effects.

Maureen Lewis

AIDS, or acquired immune deficiency syndrome, is a fatal disease that is caused by the human immunodeficiency virus (HIV).

Brazil reported its first case of AIDS only 13 years ago. But since then, an estimated half-million people have become infected with the HIV and an estimated 47,000 people are reported to have AIDS, helping AIDS to emerge as the leading cause of death among adults. Today, Brazil has the world's fourth-highest number of AIDS cases and the highest number in Latin America.

The Brazilian project is the most "comprehensive" AIDS project the World Bank has ever backed, says Maureen Lewis, senior economist in the Bank's Brazil, Peru and Venezuela Department.

Taking cues from other Bank-supported AIDS projects in India and Zaire, the Brazilian plan includes a wide range of AIDS efforts to be taken across the country. Education and prevention efforts will be blended into existing programs at all levels of government, non-governmental organizations (NGOs) will be used to reach high-risk groups and condoms will be made widely available on streets. Preventing sexually transmitted diseases (STDs) like gonorrhea and syphilis will also be a big part of the plan because HIV is transmitted more easily among people suffering from other STDs.

"We've found from other projects around the world that if you don't fight STDs, you can't stop AIDS," says Lewis. "And you need to be comprehensive in addressing the problem or it won't be effective."

The Brazilian AIDS project will launch a four-part effort of prevention, treatment, testing and beefing up government capacity to deliver services. If successful, it could prevent some 300,000 cases of HIV infection and save the government up to $1.2 billion during the next four years.

"This project takes a multi-pronged approach," says Lewis. "If it proves successful, the average Brazilian will be less at risk of contracting AIDS and will have more access to information about the disease and to the means to prevent its

See **BRAZIL**, *page 2*

Government poster character, *Lampadinha*, or "Little Light," tells Brazil's prisoners that AIDS kills.

How will NAFTA affect Mexico's economy? What role will the World Bank play in cleaning up the U.S.-Mexico border? A World Bank official answers these and other questions. **4**

Viet Nam launched a program of *doi moi*, or renovation in 1989. This set of reforms has aided the economy. Aid donors have just pledged their support for the reforms. **6**

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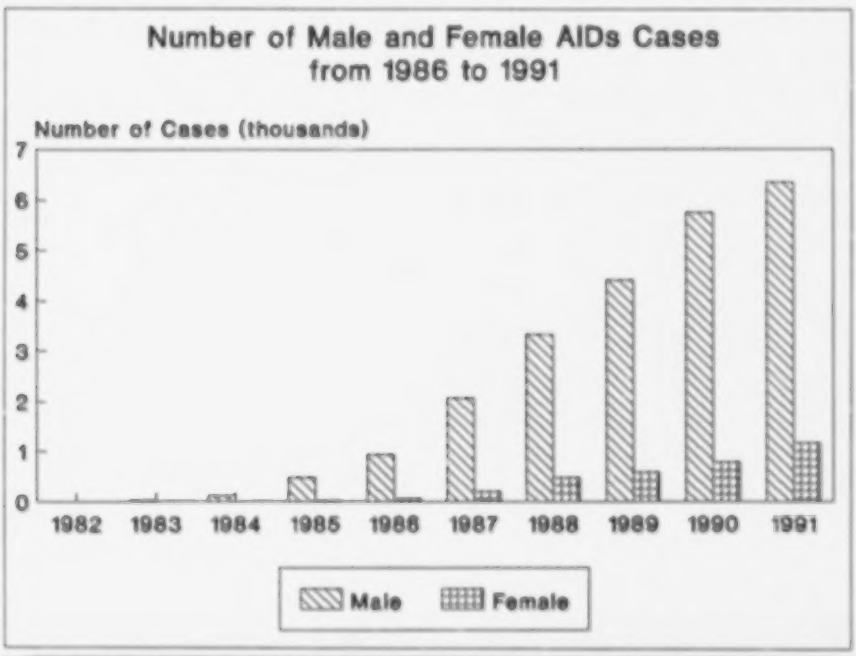
Project Includes Testing and Treatment for STDs

BRAZIL, *from page 1*

transmission. The government will also be better able to identify and treat patients with AIDS."

Prevention efforts make up the largest share of the project. Education programs about AIDS prevention will be launched throughout the country and will target high-risk groups, including intravenous drug users. About 120 NGOs will help the plan through their community outreach programs.

The project will enable the government to expand testing for HIV and other STDs while quality controls will be introduced at 36 laboratories that test for HIV. Also under the project, the government's capacity to deal with the epidemic will be strengthened through new training programs for government staff who diagnose and deliver AIDS services. A large part of the effort will also improve the treatment of patients with HIV or AIDS. The government will start offering more clinical services for STDs and combine HIV services to bring more infected individuals into the country's health care network. AIDS hurts a country's development because it drains scarce health-care funds and disproportionately claims the lives of people between the ages of 25 and 35 in the prime of their working lives.



C. Edinger/UNICEF

The project will help prevent spread of AIDS among Brazil's street children.

AIDS has spread so rapidly in Brazil because the country shows all of the "high-risk" factors that cause the disease, says Lewis.

"Brazil, like any other country, has large groups of people who are at high risk of getting AIDS, for example, prostitutes and intravenous drug users. But it also has other high-risk groups like street children and prisoners," she says.

Although AIDS has been reported in all parts of the country, most cases have appeared in Brazil's large cities. The states of Sao Paulo and Rio de Janeiro together have 63 percent of all identified cases in the country.

"Cities tend to be the starting point for the spread of AIDS in any country. Large urban centers like Rio, Sao Paulo and Santos have a lot of contact with the outside world and they house many of the high-risk AIDS groups," says Lewis.

AIDS first appeared in Brazil in 1980, about two years after emerging in developed countries. In the first few years, the disease spread largely through homosexual transmission, intravenous drug use and blood transfusions. But today, AIDS is being spread more and more through all forms of sexual behavior and increasingly through perinatal transmission. As of mid-1992, Brazil, with 24,704 reported AIDS cases, ranked behind only the United States, Uganda and Tanzania in the incidence of the disease. Given the experiences of other countries, Lewis says the risks of inaction in fighting AIDS are high and the costs staggering. In some African countries, a third of the adult urban population has HIV. The Brazil AIDS project, she adds, will stem the spread of AIDS and STDs to prevent them from reaching alarming levels. □

READEX
FICHE

Date	Event	Sponsor	Location	Telephone
NOVEMBER				
17-19	Asia-Pacific Economic Ministers Meeting	Asia-Pacific Economic Cooperation	Seattle, WA	(202)-647-2030*
18-20	Output Decline in Eastern Europe—Prospects for Recovery?	International Institute for Applied Systems Analysis	Laxenburg, Austria	(43-2236) 71-521
21-23	India Forum	World Economic Forum	New Delhi	(41-22) 736-0243
21-25	International Conference on the State of Education and Development	Association for the Advancement of Policy, Research and Development in the Third World	Cairo	(202) 723-7010*
22-23	Kenya Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
28-Dec.2	World NGO Forum 1993	NGO Committee on the Family	Malta	(0943-1) 5138687
29-30	Fifth Annual Meeting of the Governing Council	Common Fund for Commodities	Amsterdam	(31-20)664-6409
30-Dec. 1	Conference on Hunger	World Bank	Washington	(202) 473-2475*
DECEMBER				
2-4	Int'l Symposium on Privatization	World Bank, et al.	Nice, France	(33) 93-97-1983
6-10	General Conference, Fifth Session	UNIDO	Vienna	(0943-1) 21-1310
7-10	Meeting on Replenishment and Institutional Arrangements for the Global Environment Facility	GEF	Cartagena, Colombia	(202) 473-5102*
7-8	Mozambique Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
9-10	Zambia Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
12-17	Conference on AIDS	World Health Organization	Marrakech, Morocco	(212) 229-5325*
13-14	Zimbabwe Consultative Group Meeting	World Bank	Paris	(33-1) 21-1310
16	Consultative Group Meeting for Occupied Territories	World Bank	Paris	(202) 473-2713*

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

INTERVIEW

Mexican Environment to Benefit from Loans

Border Cleanup Has NAFTA Angle

The World Bank announced in September that it expects to lend $1.8 billion to Mexico during the next three years for environmental protection. Support for environmentally focused projects will be about one-third of the total World Bank project lending planned for Mexico during the period.

David de Ferranti

The $1.8 billion will be spread out over the period from 1994 through 1996. It will go in part to helping Mexico address environmental problems along its border with the United States, and in part to helping tackle problems in other parts of the country.

David de Ferranti, chief of the Mexico country operations and environment division in the World Bank's Latin American and Caribbean Region, recently spoke to World Bank News about the Bank loans to Mexico. Excerpts follow:

WBN: How will the World Bank's planned $1.8 billion of loans help Mexico?

De Ferranti: Mexico faces some very serious and difficult environmental issues. Its government and people are acutely aware of these issues and strongly committed to solving them. The Bank's assistance will help them bring together the financial resources and technical know-how to move ahead faster. In recent years, they have made a lot of progress, reversing past neglect. New environmental laws have been adopted that are a major step forward. But much more remains to be done. Enforcement, for example, needs to be strengthened substantially.

Mexico has the full range of environmental issues to address, including major concerns about water pollution, air pollution (especially in Mexico City and other large urban areas), solid and toxic waste disposal, aquifer depletion, and devastation of ecosystems and biodiversity of exceptional worldwide importance. There's a lot to do and it will require a massive effort over many years.

Working together, the government and the Bank have developed—and are now implementing—a strategy for attacking the problem. This strategy recognizes the need to pursue two types of initiatives simultaneously. One is taking action on particular regions while using a broad multisectoral approach and the other is action on particular sectors, from a broad multiregional perspective.

An example of the first type is a project we are now preparing that will focus on the border region, in the north of Mexico. This project will support efforts in several inter-linked sectors of environmental importance, ranging from poor sanitation to sever toxic waste pollution - all within and area sharing similar characteristics an challenges. An example of the second type is a water project also now being developed, which will concentrate on one issue—water—but countrywide.

All this—the strategy and the $1.8 billion in planned loans—has taken shape over the past nine months. The loans will all be standard investment projects with components that address policy issues.

WBN: Who else will contribute to the $1.8 billion effort?

De Ferranti: Mexico announced that it will mobilize an additional $2.2 billion in counterpart funds for Bank projects during the three-year period. These funds, to be drawn from government finances and private contributions, will bring the total to $4 billion.

The Inter-American Development Bank (IDB) is also in discussions with the government about funding projects that may involve support for environmental initiatives. We are in close contact with the IDB to make sure we complement each other, coordinate well and avoid duplication.

WBN: Some observers have confused the Bank's environmental effort in Mexico with a development bank that the United States and Mexico have proposed for cleaning up their common border area. Is the World Bank connected with the proposal in any way?

De Ferranti: The two efforts are separate. They will fit well together in promoting some common goals, but are institutionally separate. The other effort, which would create a North American Development Bank if the North American Free Trade Agreement (NAFTA) is adopted, is an outgrowth of the NAFTA negotiations among the governments of the three countries involved—the United States, Mexico and Canada—and with interested parties within the United States.

Some reports have said incorrectly that the World Bank would have some formal link with this new North American Development Bank—or NADB, as some are now calling it—or would contribute funds to it. In fact, there will be no link and no financial contribution from the World Bank.

The two efforts will be mutually reinforcing and complementary. Our program has been warmly received by those working on NAFTA, and they have kept us closely informed about their ideas. When pro-NAFTA forces in the United States have made their case that strong and effective action would be taken on environmental concerns, they have pointed to the fact that the World Bank's program and the proposed new NADB would together add up to a very significant commitment of new resources.

The new NADB would focus on the

Continued to top of next page

border alone, and fund improvements on both the U.S. side and the Mexican side. Our support, on the other hand, would be for the Mexican side only, and would cover all of Mexico, not just the border. Also, the NADB would—initially at least—concentrate on water investments, whereas our projects would assist in all sectors. Funds for the NADB would come from initial contributions from the Mexican and U.S. governments—$225 million each is being considered—with the hope that enough private capital could then be raised to bring the total to $2 billion. That $2 billion would still only be half the size of our program, if one counts both the $1.8 billion from the Bank and the $2.2 billion in Mexican government counterpart funds.

WBN: By helping Mexico clean up its border with the United States, the Bank's loans may indirectly help passage of NAFTA in the U.S. Congress. Does the Bank hold a position on NAFTA?

De Ferranti: We support NAFTA. As part of our country strategy work and dialogue with Mexico over the past four years, it has been important to consider NAFTA carefully. Anything that crucial for any Bank borrower—in this case, Mexico—has to be a prominent topic in our ongoing analysis. Our conclusion, which we have underscored in our internal documents and shared publicly when asked about our views, is that NAFTA would have substantial benefits for Mexico. It's the right thing at the right time—and potentially could help Mexico lift itself once and for all to a higher standard of living and a faster, more sustainable growth path. We also believe that all of North America, not just Mexico, would be better off with NAFTA than without it.

NAFTA would have substantial benefits for Mexico. It's the right thing at the right time.

As more public attention has focused on NAFTA in recent months, we have been getting a flood of inquiries about our views and requests for results from our studies from different parties in the press, from Capitol Hill, and elsewhere. This has required us to be sensitive to several different, and not always consistent, concerns. On one hand, we did not want to breach confidentiality considerations, lose the trust of the borrower, or—worst of all—seem to be lobbying, something the Bank does not do. But on the other hand, we also wanted to be responsive and open, in the spirit of providing public access to information. And of course, we think that NAFTA would be beneficial and deserves support. □

F. Keery/UNICEF

NAFTA would help raise the living standards of Mexican families.

LENDING

Venezuela Improves Education And Urban Transport

Venezuela's efforts to improve primary education and urban transport received support November 4 when the World Bank approved two loans totaling almost $190 million.

A loan of $89 million, will help Venezuela raise student achievement levels in primary school. Although 96 percent of Venezuelan children enroll in first grade, only two out of three go on to graduate from the sixth grade.

Under the education project, students will gain better access to textbooks, workbooks and other reading materials while teachers will receive more educational resources and guides. Part of the project will improve the skills and effectiveness of teachers through an in-service training program. Meanwhile, the staff at government education agencies will receive training in how to improve management of the education system. Some funds will also help pay for studies of school effectiveness in both primary and secondary education.

Another loan of $100 million will help improve the quality and efficiency of urban transport in Venezuela's cities, where 88 percent of the country's 19.4 million people live. The six-year project mainly aims to strengthen the national and local institutions that plan, design and operate Venezuela's vast urban transport systems. By beefing up local capacity to handle the systems, the government hopes to use funds more efficiently.

The plan also calls for better maintenance of the urban transport system. By making the networks run more smoothly, the government aims to cut down on excessive traffic congestion in the cities and make it cheaper and easier for the country's poor to use public transport. Currently, Venezuela's urban poor bear the brunt of the system's chronic urban traffic congestion. Many people who work in cities spend roughly two hours each way when commuting to their jobs and devote 15 percent of their income on transport. □

BENIN A credit of SDR 3.7 million ($5.2 million) from the International Development Association (IDA) will finance technical assistance to strengthen the capacity of the civil service to manage the economy. The project will make it easier for the government to implement and monitor economic reforms.

INDONESIA A $56.5 million World Bank loan will support a national watershed-management and conservation project. The project will raise the living standards of poor farmers and protect the environment.

MEETINGS AND EVENTS

Aid Donors Pledge $1.86 Billion For Viet Nam

Viet Nam's economic reform program and the country's strategy for rapidly moving toward a market economy earned the praise of the international aid-donor community during a two-day meeting at the World Bank's Paris office November 9-10. Donors agreed to provide Viet Nam $1.86 billion.

Do Quoc Sam, the chairman of Viet Nam's State Planning Commission, told aid donors that his country's long-term goals were to make Viet Nam "economically strong and our society civilized, wherein people become real masters of their destiny and are provided with all the conditions to bring into full play their drive, initiative and capacity..."

Viet Nam plans to double its gross domestic product (GDP) by the year 2000, he said, adding that the country's development strategy focuses on sustainable development and environmental protection. Viet Nam adopted a policy of "doi moi," or renovation, in 1989. Doi moi measures include rural reforms; exchange-rate, fiscal and interest-rate reforms; promoting the growth of the private sector; changes in foreign trade regulations; and programs to minimize the "social costs" of economic reforms.

Doi Moi sparked improvements in the economy. Real GDP has grown an average of 7.25 percent a year between 1991 and 1993 and inflation has decreased from more than 500 percent to the current rate of about 10 percent

The aid donors' meeting was sponsored by the World Bank and the United Nations Development Programme. □

WORLD BANK NEWS

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WORLD BANK NEWS

Volume XII, No. 44 November 18, 1993

MEETINGS AND EVENTS

International Conference Targets Scourge Of Hunger

More than one in six people in the world go to sleep hungry every night. Whether it plagues a child in a cardboard shantytown in Latin America, a woman in a rural African village or an elderly man in a South Asian slum, hunger prevents many people from living normal, healthy lives.

Earlier this year, U.S. Rep. Tony Hall (D-Ohio) staged a 23-day fast to raise public awareness about the growing scourge of hunger. Inspired by Hall's fast, the World Bank is hosting a major two-day international conference later this month aimed at strengthening global efforts to reduce hunger.

Ismail Serageldin

The conference, slated for November 30 through December 1 in Washington, D.C., will feature a distinguished list of speakers, including United Nations Secretary-General Boutros Boutros-Ghali, former U.S.

See HUNGER, *page 2*

LENDING

Belarus' Reforms Aim To Stem Economic Decline

For years, Belarus' 10.3 million people enjoyed one of the highest average annual incomes in the former Soviet Union (FSU). But the breakup of the FSU has wreaked havoc on Belarus, sending its economic output down 10 percent last year and a possible 15 percent in 1993.

To stop the economic decline, Belarus recently launched a slew of reforms aimed at transforming its centrally planned economy into a market system. On November 16, the World Bank approved a loan of $120 million in support of Belarus' efforts.

The Bank loan aims to help Belarus by paying for vital imports and making hard currency more available to entrepreneurs. Making sure that Belarus' economy has enough imports and hard currency will give the country "breathing space" to carry out its reforms, says Daniela Gressani, an economist in the World Bank's Europe and Central Asia Region.

"This loan will help Belarus speed up its reform program which is getting on the right track," says Gressani. "Right after the breakup of the FSU, Belarus followed a more gradual approach to economic transition. But in early 1993, it accelerated the reforms to promote competition, encourage the growth of private enterprises and craft a more affordable and effective social safety net. These funds give Belarus the incentive and the means to keep the reforms going forward."

Shortages of Medicine

Belarus will use the bulk of the Bank funds to buy a broad list of scarce imports ranging from medicine to crucial industrial goods and spare parts.

Part of the import fund will help buy crude oil. Belarus has barely no petroleum sources of its own so it needs to import oil to fuel its economy. Imports for Belarus' social safety net, like medicine, medical equipment and materials for making medicine will also be bought with the Bank loan. Currently, drug shortages plague Belarus' health care system and especially hurt the country's poor and elderly. Part of the medicine will help those still suffering from the

See BELARUS, *page 4*

The aftermath of the 1986 Chernobyl disaster continues to menace the people of Ukraine's neighbor, Belarus. The World Bank loan to the country will help victims of the nuclear fallout.

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More Than 700 Million People Suffer from Hunger and Malnutrition

HUNGER, *from page 1*

President Jimmy Carter and World Bank President Lewis Preston.

Allowing hunger to persist is "unconscionable," says World Bank Vice President for Environmentally Sustainable Development Ismail Serageldin, who will also speak at the conference. Serageldin recently spoke with World Bank News *about the upcoming hunger conference and the chronic problem of global hunger. Excerpts follow:*

WBN: What is hunger and how widespread is it?

Mr. Serageldin: Hunger is the manifestation of the most extreme form of poverty and destitution. It's sometimes caused by man-made disasters like civil wars, or natural disasters such as droughts and floods. That's the type of hunger that usually captures the world's imagination because you see it on television.

But the World Bank is mainly concerned about the greater problem of hunger and malnutrition that most people do not see or hear about. Today, anywhere from 700 million to 1 billion people suffer from persistent and chronic hunger and malnutrition. The fact that these people do not have access to adequate food, the most basic of basic human needs, is a crushing indictment of the human condition and is completely unacceptable. It is mostly due to inadequate income, not shortage of food supplies.

The world cannot allow the continuation of this extreme destitution. Clearly, hunger is not something we can resolve in a day, a week or even a year. But the world should still be committed to its elimination. We must all work toward that goal, even though we know it will not be achieved very easily. Although the World Bank is just one of many actors fighting hunger, we want to continuously strengthen the contribution we can make to reducing hunger in the world.

WBN: Is hunger growing worse? And, where is it most prevalent?

Mr. Serageldin: The persistent chronic hunger associated with extreme poverty is found almost everywhere in the world, and especially in the poorest countries. South Asia and sub-Saharan Africa, for example, have a very large share of the world's hungry. Is it getting worse? Probably not in terms of the percentage of the world's population, where the hungry as a percentage of the developing world's population has gone down from 36 percent to 20 percent in the last 20 years. But the total number of people suffering from hunger has not been reduced as dramatically. The number of the chronically undernourished went from 941 million to 786 million during the same period. In other words, the share of the world's population that is

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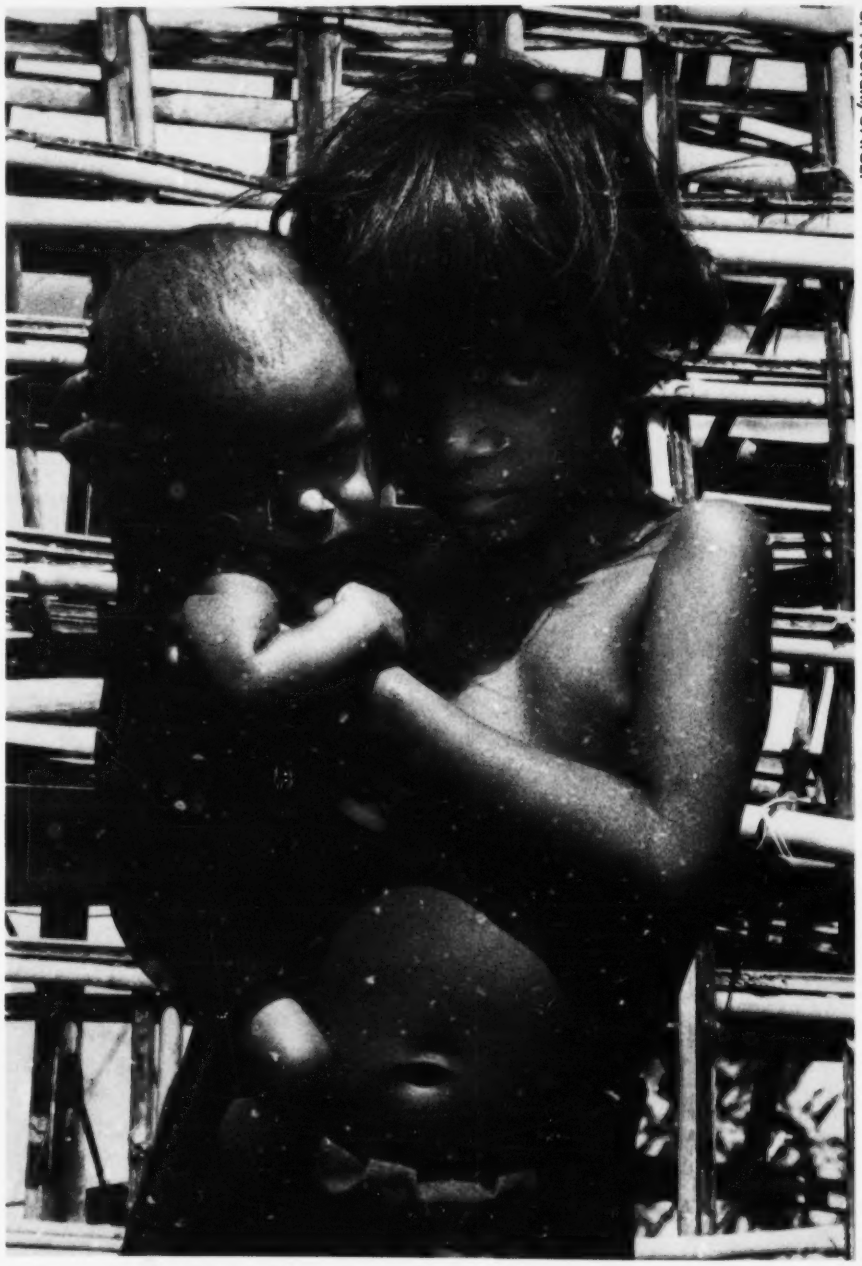


S. Noorani/UNICEF

More than half of Bangladeshi children between the ages of six months and six years are stunted in growth because of malnutrition, according to UNICEF.

hungry may be significantly decreasing, but because the world's population is growing rapidly, there are still very large numbers of people who are hungry.

In addition, we must not forget "hidden hunger," inappropriate diets and micronutrient deficiencies which affect some 2 billion people, and can lead to diseases and retarded growth.

On the other hand, it is very clear that tremendous achievements have been made. In places like China, famine was considered almost endemic in the 1930s. But today, hunger has been significantly reduced if not abolished. Indonesia and several East Asian countries have also done extremely well in fighting hunger.

WBN: Why is the World Bank holding the upcoming hunger conference and what do you think the conference will achieve?

Mr. Serageldin: Earlier this year, we were inspired by Tony Hall's hunger fast. By holding this conference, we are saying, "We share your concerns. The fight against hunger is also our fight and we stand shoulder to shoulder with you in fighting it."

The World Bank's primary concern is the developing world, so we are holding this conference to build consensus on specific actions that can be taken to combat global hunger. We need to ask ourselves why hunger has not been reduced more in the world. We must move from declarations of intent to actions by building bridges among like-minded partners, whether they be international agencies, national governments, bilateral agencies, academics or non-governmental organizations (NGOs). All of us must stand in a common alliance to fight the scourge of hunger.

The Bank has made the reduction of poverty the institution's main objective. Clearly, extreme poverty results in hunger. In tackling poverty, we are also helping to reduce the number of people stricken by hunger.

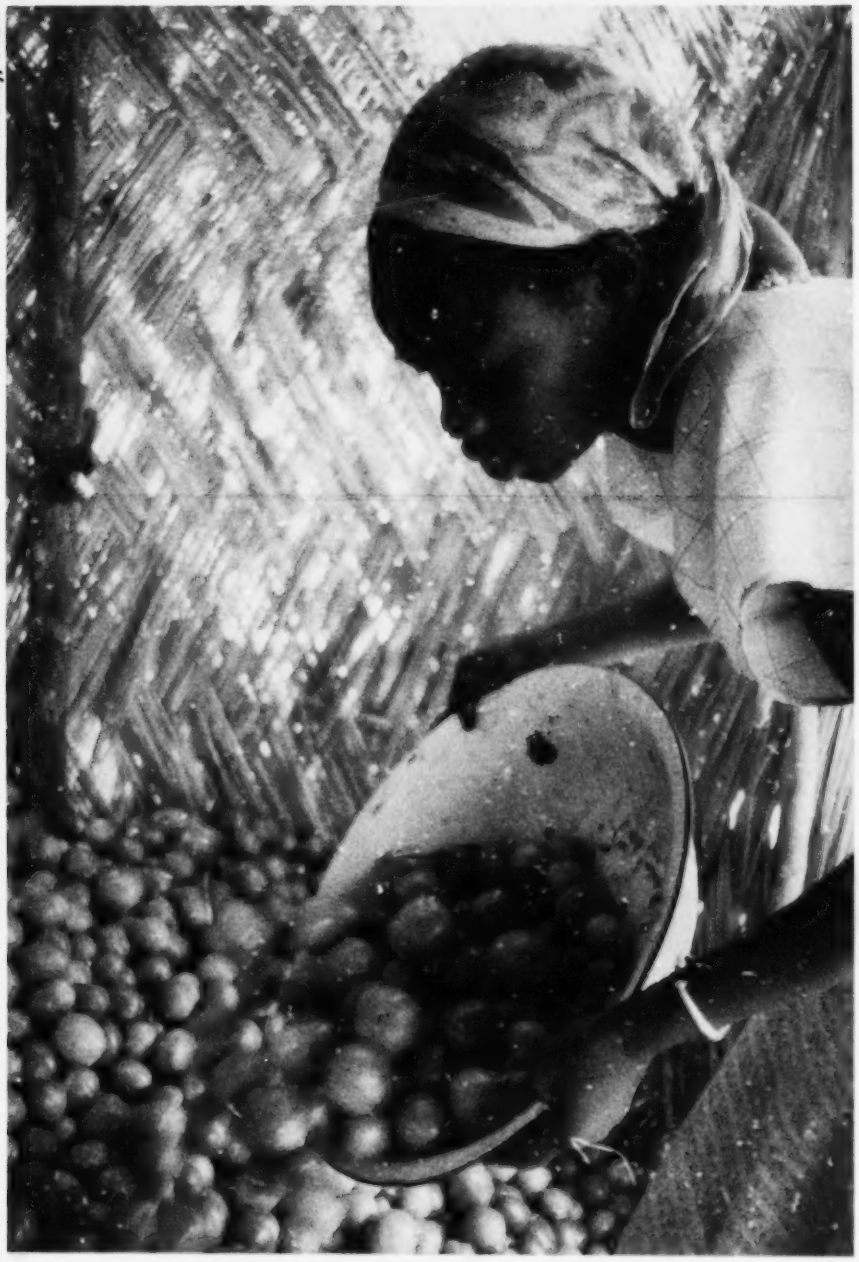
WBN: Many groups, including NGOs, the U.S. Congressional Hunger Caucus, and multilateral development agencies, are helping plan the conference. Why are so many groups involved?

Mr. Serageldin: The World Bank is just one actor among many. Each must play a role and bring valuable experience and expertise. This is an international, collaborative effort to identify the best ways to alleviate the suffering and the indignity associated with the continuation of hunger. We have a lot of very distinguished participants from both developed and developing countries.

WBN: What does the World Bank do to fight hunger?

Mr. Serageldin: The Bank is already doing many things that contribute significantly to the fight against hunger. A number of policy reforms we support help prevent hunger in the medium and long term, including liberalizing mar-

See HUNGER, *page 6*



K. Massey/UNDP

Woman in Bobo Dioulasso, Burkina Faso, piles the tomatoes that she has gathered after a bountiful harvest.

Belarus' Economy Stands Good Chance of Recovery

BELARUS, *from page 1*

Chernobyl nuclear power plant disaster. (*See related story.*)

Belarus will also use part of the Bank loan to buy agricultural imports. Environmentally approved herbicides, insecticides and pesticides will help stem crop losses which have hit the country since the crop-protection agents became scarce with the breakup of the FSU. Veterinary medicines will also be brought in along with spare parts for harvesting equipment.

Newly emerging entrepreneurs will benefit from the loan which will make hard currency more available to private enterprises through foreign currency auctions. In the past, state-owned enterprises have enjoyed preferential access to credit and foreign exchange from the country's banking system. But recently, Belarus opened the system to more private firms. With the help of the loan, those private companies will be able to gain access to hard currency to buy imports needed to get their businesses off the ground.

"Traditionally, the big guys got most of the hard currency in Belarus. But this loan will make sure that more money is available, and will help the little guys get their share," says Gressani.

Starting in early 1993, Gressani says Belarus realized the need to launch comprehensive reforms in the face of economic decline brought on by the breakup of the FSU.

In recent years, Belarus's FSU neighbors like Russia and Ukraine bought more than one-third of its exports and provided the country with most of its imports. A big chunk of the Belarus economy was based on heavy industry like machinery and metallurgy, especially military products. But as the FSU unraveled, the demand for those goods fell. Also, imports of oil and raw materials dwindled while the prices for the remaining supplies rose.

Making sure that Belarus' economy has enough imports and hard currency will give the country "breathing space" to carry out its reforms.

After its trade balance dropped into the red, Belarus quickly signed bilateral trade agreements with other FSU countries aimed at keeping exports and imports flowing. A deal with Russia, for example, kept some oil coming. But the Belarus government saw that "technical adjustments" would not solve the country's economic quandary, says Gressani. "It's not that Belarus was sitting on its hands. But it realized that it had to go full ahead with its reforms instead of waiting until later," she says.

In early 1993, Belarus sped up its reform effort aimed at restoring economic stability and advancing structural reform. The government launched measures to cut back on monetary and fiscal imbalances and introduced a market-based exchange rate.

It also made progress toward price and trade liberalization, demonopolization and privatization.

Despite its current slump, Belarus stands a good chance of recovering in the next few years if reforms stay on track, says Gressani. Aided by its highly educated work force, Belarus could witness economic growth again as soon as 1996. But before that happens, Belarus will need a lot of assistance from the international donor community, she says, adding that the Bank loan may encourage other countries and institutions to help.□

Chernobyl Victims Still Suffering

Part of the World Bank's $120 million loan to Belarus will deal with the lingering health and environmental effects still felt from the 1986 nuclear power plant explosion in Chernobyl.

When the Chernobyl plant exploded just across the border in Ukraine, much of the radiation reportedly blew northward into Belarus. Up to 20 percent of the country's area was affected by the blast, says Daniela Gressani.

Today, Belarus still spends 4 percent to 5 percent of its annual income on dealing with Chernobyl's legacy. But not all those who need assistance actually receive it, says Gressani.

With help from the Bank, Belarus will review its Chernobyl assistance strategy to see how funds can be focused on the country's neediest. Victims still suffering health effects will benefit the most from scarce medical imports.

Radiation-monitoring equipment will also be provided under the loan. Belarus is working with the World Health Organization and other agencies to assess the health impact of the disaster and to develop new approaches to protect the population.

Development Agenda

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NOVEMBER				
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7-8	Mozambique Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
9-10	Zambia Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
12-17	Conference on AIDS	World Health Organization	Marrakech, Morocco	(212) 229-5325*
13-14	Zimbabwe Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
13-16	Summit of Nine High-Population Countries	Education for All/ UNESCO	New Delhi	(33-1)4568-1000
16	Consultative Group Meeting for Occupied Territories	World Bank	Paris	(202) 473-2318*
20-21	Malawi Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

Tackling Poverty Will Help Reduce Incidence of Hunger, Bank VP Says

HUNGER, *from page 3*

keting and removing direct taxation on farmers and food production.

The Bank also finances a large number of human-resource-based interventions and nutrition projects which have been very successful. We intend to strengthen our commitment to do better at what we have been doing. But we also increasingly recognize that additional actions are required to help reach the poorest of the poor.

Some of these actions, for example, are being done by other partners who will be at the conference, so perhaps this will give us a chance to learn about ways in which we can work together.

WBN: Does the Bank plan to hold more hunger conferences in the future?

Mr. Serageldin: I don't think so. This is not really part of our normal work. But I am happy to note that other agencies have held such conferences, most recently the 1992 international conference sponsored by the Food and Agriculture Organization. I also believe that the International Fund for Agricultural Development tentatively plans to organize a follow-up conference in Europe next year. That would help keep the issue of fighting hunger alive in the minds of decision-makers everywhere and would enable all of us to check on how we are doing in the struggle to help the world's hungry people.□

PRESS ADVISORY

Hunger Conference to Be Held At The American University

The World Bank-hosted hunger conference will be held at The American University in Washington, D.C., from November 30 through December 1.

The event, "Overcoming Global Hunger—A Conference on Actions to Reduce Hunger Worldwide," will be held at the university's Bender Arena at 4400 Massachusetts Avenue, N.W. Registration for journalists will begin at 8:30 a.m. on November 30.

Conference participants may take shuttle buses on both days from the east exit of the Tenleytown metro stop to Bender Arena. The buses will run every 10 to 15 minutes starting at 7 a.m.

For the media information kit on the hunger conference, call Lisa Corey at (202) 473-1809, John Mitchell at (202) 473-2475 or send a fax to (202) 676-0637. Or contact Sarwat Hussain at (202) 473-5690 or send a fax to him at (202) 473-3112.

PUBLICATIONS

New Report on Development Trends Off the Presses

The World Bank's latest annual snapshot of the rapidly-changing developing world is off the press.

The *1993 Trends in Developing Economies (TIDE)* gives brief reports on the state of most of the Bank's borrowing member countries up to May of this year. Packed with newly designed graphs, this year's TIDE paints a picture of economic trends in the developing world by drawing on the latest available information from national sources and commenting on recent economic developments.

Current events and the recent past are the focus of the report but it also places the events in the context of each country's problems, prospects and development strategy. Main topics include government initiatives in progress or under consideration, economic and social factors affecting development and external finance and debt issues.

The *1993 Trends in Developing Economies* is priced at $25.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C., 20433, U.S.A. Fax: (202) 676-0579.□

WORLD BANK NEWS

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WORLD BANK NEWS

Volume XII, No.45 November 24, 1993

PUBLICATIONS

Adult Health in Critical Condition

During the past 30 years, international health experts focused their energies on two things: wiping out tropical diseases and improving the health of children. The effort yielded tremendous results. Today, the incidence of tropical diseases is down and nearly 90 percent of the world's children live to be adults.

But a new World Bank study says the time has come for experts and policymakers to begin paying attention to improving the health of adults.

"Too many adults still die young,"

See **HEALTH**, *page 2*

Woman at clinic in Cairo receives vaccination.

INTERVIEW

AIDS Threatens Economic Growth In Developing World

As the globe prepares to observe World AIDS Day on December 1, it faces a disease that continues to spread through both industrialized and developing countries.

While the United States still claims the biggest number of reported AIDS cases of any country, the illness is gaining greater ground in developing regions like Asia and Africa. In developing countries, the spread of the human immunodeficiency virus (HIV), threatens not only human lives but also hopes for economic growth, says Wendy Roseberry, public health management specialist in the Human Resources and Poverty Division of the World Bank's Africa Technical Department.

Roseberry recently spoke with World Bank News *about AIDS and development. Excerpts follow:*

WBN: What is the status of AIDS today in the world? Has the threat of AIDS grown worse in the last year?

Ms. Roseberry: AIDS is a perplexing

See **AIDS**, *page 3*

Research in Tanzania shows that AIDS takes a heavy toll on individuals, families and the economy. **6**

Loan to Tunisia, page 2

Development agenda, page 5

Press advisory, page 6

PUBLICATIONS

Improving Adults' Health Will Aid Development

HEALTH, *from page 1*

says the study, *The Health of Adults in the Developing World*, co-authored by Mead Over, an economist in the Bank's Policy Research Department. "Nearly 25 percent of the boys and 22 percent of the girls who reach 15 years of age in developing countries die before age 60. Among the survivors, many still suffer from chronic impairments, frequent illnesses, and injuries."

Today, a large share—more than half—of all health-care funds spent in the developing world goes to adults, ranging in age from 15 to 60. But that money is not spent wisely, says the study. Much of the health care funds pay for expensive treatment of incurable diseases, leading to only small gains for a small number of people. But prevention, which could improve the health of larger numbers of people, is largely ignored—even though three in every four adult deaths in the developing world are avoidable.

"The burden of adult ill health is increasing," says the study. "If adult mortality rates do not decline steeply, adult deaths will increase, both in number and relative to all deaths."

UNICEF/C. Watson

During the past three decades, the health of children has improved dramatically.

The study warns that governments should not tackle adult health problems by diverting funds from health care for children or the elderly. Instead, the study says government could make progress in improving adults' health merely by rethinking the way they plan their health-care budgets.

If policy-makers continue to neglect the health of adults, says the study, it could lead to serious consequences for the individual, the family and society. Because adults make up the majority of the labor force, their absence hurts a family's ability to improve their plight. The mortality rates for infants whose mother dies, for example, can be as high as 90 percent. Also, ill health can make adults cut back on work, causing big losses in worker efficiency that may slow down a given country's pace of development.

To improve the health of adults in the developing world, governments should:

- Withdraw money from very expensive health services, such as cancer treatments, that help only a few at a great expense. Instead, use that money more cost-effectively in preventing the illnesses before they start.
- Discourage smoking through education, individual counseling and mass-media campaigns. Every year, 3 million people worldwide, most in the developing world, die of tobacco-related deaths, says the study.
- Make road travel safer. Motor vehicle collisions are a major cause of death for adults in the developing world, often rising to 10 to 20 times as great as the rates in the industrialized world.
- Vaccinate against Hepatitis B which now affects some 300 million people in the world. While many of the health problems caused by Hepatitis B are incurable, the vaccine for the disease costs only $3 per person.
- Make motherhood safe. The risk of dying from maternal causes is one in 20 in Africa even though most maternal deaths are preventable.
- Promote safer sex and treat sexually-transmitted diseases (STDs), and prevent AIDS. STDs are a growing problem and already the major cause of productive days of life lost in parts of Africa.
- Improve case management of tuberculosis which kills 2 million adults every year in the developing world. Treatment is highly effective and inexpensive.
- Screen for cervical cancer, the most common cancer in the developing world. If the disease advances to a symptomatic stage, it can kill. But if detected early, it is 100 percent curable. Still, fewer than 5 percent of women in developing countries have been screened in the last 5 years.
- Relieve cancer pain. Cancer causes moderate to severe pain in most patients in advanced stages. Despite cheap and effective means for relieving cancer pain, most patients are not offered pain relief.
- Treat diabetes which causes more than 5 percent of the mortality risk of adult women. Although it is often left untreated, diabetes can be treated relatively cost-effectively with insulin.

The Health of Adults in the Developing World is priced at $6.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C. 20433, U.S.A. Fax (202) 676-0579.□

Tunisia Nurtures Agricultural Growth

A $120 million World Bank loan approved November 18 will help Tunisia support agricultural growth by assuring availability and improving management of public resources for institutions involved in agricultural development.

Under the plan, Tunisia aims to better allocate resources to activities where the state has an important role to play, reform agricultural policies and strengthen the Ministry of Agriculture.

HIV Infections Could Reach 26 Million in Seven Years

AIDS, *from page 1*

phenomenon of growing concern for many people today. The AIDS virus and its devastating consequences can be found on all continents.

The World Health Organization (WHO) estimates that as of mid-1993, more than 13 million people had been infected with HIV since the beginning of the pandemic. Close to two-thirds of the infections are thought to exist in Africa.

Wendy Roseberry

And yet the problem is nearby as well: Washington, D.C., where the World Bank is headquartered, has one of the highest rates of HIV infection among U.S. cities.

Attempts to predict the future course of the pandemic suggest HIV will have reached 26 million people in the year 2000 and deaths will total 1.8 million. Asia will have surpassed Africa in the number of new infections acquired per year. If AIDS is not slowed down, the World Bank's *1993 World Development Report* calculates that it would be responsible for 8 percent of the global burden of disease by 2000.

WBN: Is there evidence that AIDS has hurt the economies of developing countries?

Ms. Roseberry: The evidence is mostly anecdotal for the effects on households and theoretical for the efforts on economies in general. We believe AIDS will have a significant impact on economies because it mainly affects adults in their most productive years and often strikes both parents in a family because it is sexually transmitted. Also, the infections resulting from the disease require extensive and expensive treatment.

There clearly exists a threat to economic growth in many developing countries when AIDS affects individual savings and productivity. Statistical models predict a slowing of income growth for the most severely affected countries in Africa. These countries are already experiencing hardships and cannot afford additional reduction of income growth.

WBN: How else has AIDS affected developing countries?

Ms. Roseberry: Several ongoing studies in developing countries have begun to provide more documentation on people's responses when affected directly or indirectly by AIDS. A World Bank study reports that affected Tanzanian rural households in 1991 spent roughly the equivalent of one year's income on treatment and funerals. The study also shows that school attendance of children was significantly decreased if the household lost an adult female to death.

Because of AIDS, numerous companies in eastern and southern Africa are having to cover greater costs—to hire and train new workers to replace those who have died and to cover health and life insurance claims. One can find examples where AIDS affects all sectors of society and the economy, from rising health costs and loss of teachers and less schooling for children to the reduction of rural labor force for agriculture. A very visible example in several African communities is the increase in the number of orphans needing care.

WBN: What impact has AIDS had on population growth rates?

Ms. Roseberry: We really don't know for sure. The information on all the variables affecting population growth is difficult to measure, thus accurate projections are a challenge. Estimates on decreased population growth rates due to AIDS from several World Bank trial projections for sub-Saharan Africa ranged from .25 to .8 of a percentage point a year. Only in Thailand, where fertility and mortality rates are lower, are models predicting an eventual decline, but not until 20 to 30 years from now.

We can assume AIDS will have a limited effect on population growth rates in the coming decades. It does appear clear that AIDS is increasing adult and child mortality and because of this, life expectancy at birth will be decreased.

WBN: Are some developing countries showing signs of progress in the fight against AIDS?

Ms. Roseberry: Many small pilot efforts are showing signs of progress. Education projects, where peers are trained to provide AIDS prevention education and distribute condoms, have been set up in Zimbabwe, Nigeria and Mexico. They have reached thousands of commercial sex workers, commercial sex clients and others and distributed millions of condoms.

Reported use of condoms has increased significantly and cases of the other sexually transmitted diseases (STDs) have decreased. Condom "social-marketing" programs have been launched, and sales are increasing in Zaire, Cameroon, Burkina Faso, Cote d'Ivoire, Nigeria and Ethiopia. I also know of efforts to distribute condoms for disease prevention in Brazil, Mexico and Thailand.

Efforts to mitigate the impact of AIDS are fewer in number since countries and donors usually focus on HIV prevention first. But in several countries, the increase in AIDS cases forces decision-makers and communities to address the many issues surrounding the care of AIDS patients and survivors.

Uganda has been out in front in not

See **AIDS**, *page 4*

Estimated HIV Infections By Region, Mid-1993

Australasia	25,000+
East Asia & Pacific	25,000+
E. Europe & Central Asia	50,000
Latin America, Caribbean	1.5 million
N. Africa & Middle East	75,000+
N. America	1 million
S. & S.E. Asia	1.5million+
Sub-Saharan Africa	8 million+
W. Europe	500,000
GLOBAL TOTAL	13 million +

Source: WHO

Uganda at the Front Lines in the Battle Against AIDS

AIDS, *from page 3*

only providing physical, psychological and social care to individuals affected by AIDS but also to communities in the form of providing schooling fees for orphans, tools and machinery for planting less labor intensive crops and credit for income generating schemes.

WBN: What has the Bank done to help fight AIDS in the past year and what does it plan to do in the next year?

Ms. Roseberry: Two large AIDS-prevention projects financed by World Bank credits were designed and negotiated this year in Brazil and Zimbabwe. The Bank now has become the largest international institution financing AIDS prevention activities in the world.

An assessment of STD risk among several groups has been performed in Niger and is planned in Burkina Faso. Money has been set aside from a health project in Honduras for AIDS prevention this year due to the rapid increase in HIV prevalence in that country.

The capacity to test the quality of condoms within the Zimbabwe Regional Drug Control Laboratory has been increased 10-fold due to new machinery financed by the Bank. This center provides 16 southern African countries with testing for condom quality assurance. Sub-regional offices in the Africa region have been working hard in refining their AIDS prevention strategies. The Sahelian countries are focusing on eliminating the other STDs in hopes of pre-empting a major HIV epidemic. The eastern and central countries are assessing the socio-economic impact in order to help governments plan better.

The World Bank's capability as an institution has increased as well. The Bank's Asia Technical Department, for example, has three full-time staff working on AIDS prevention and has created a new position for AIDS coordination. Also, several of the country departments have staff assigned full-time to AIDS-related activities.

Collaboration and awareness building have been the focus of an AIDS symposium with the African Development Bank during their annual meetings in May and an AIDS policy seminar sponsored by the WHO and the Bank's Economic Development Institute just this month for high-level decision-makers from six southern African countries. Next year, we will be looking into the feasibility of manufacturing condoms locally in Nigeria as well as starting pilot projects in two Nigerian states. We believe Nigeria is a high priority for AIDS prevention due to the large mobile population, estimated high levels of other STDs and limited use of condoms among the sexually active population.

Also, the Human Resources Division in the Bank's Africa Technical Department is working on a population and AIDS prevention initiative with the Global Coalition for Africa and several United Nations-affiliated agencies in the attempt to intensify population and AIDS-related efforts in Africa.

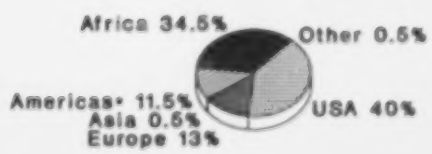
WBN: What more needs to be done to stop AIDS?

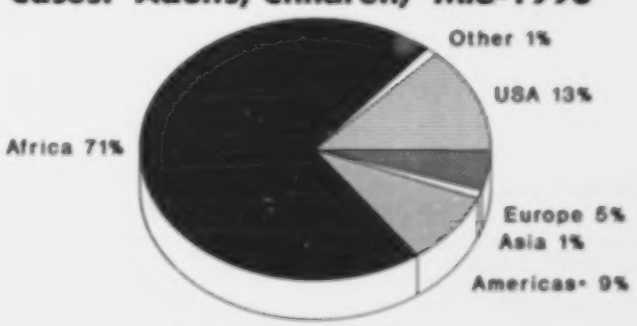
Ms. Roseberry: On the personal level, each individual must decide how they will prevent themselves from infection, whether through abstinence, monogamy with an uninfected person or use of condoms. On the social level, we must begin to discuss and address human sexuality, reproductive responsibilities and the gender differences in a much more open and positive manner. We must especially allow such dialogue with and among adolescents and young adults.

On the policy level, governments can create a more enabling environment for HIV prevention and care by: first, removing restrictions and fees associated with AIDS education and public service promotion of condoms on television, radio and newspapers and; second, by testing the feasibility of taking selected STD drugs off prescription and making them available through trained promoters; and third, eliminating import duties and taxes on condoms.

The Bank must continue its efforts to improve womens' status and opportunities and in slowing population growth around the globe. These are our strengths. Our weakness lies in our ability to assist governments to plan expeditiously for and to effectively mitigate the impact AIDS will have on many social and economic sectors.□

Share of Cumulative AIDS Cases: Adults, Children, Mid-1993





Reported: 718,894

Estimated: 2.5 million+

*Not including USA. Source: WHO

Date	Event	Sponsor	Location	Telephone
NOVEMBER				
28-Dec.2	World NGO Forum 1993	NGO Committee on the Family	Malta	(0943-1) 5138687
29-30	Fifth Annual Meeting of the Governing Council	Common Fund for Commodities	Amsterdam	(31-20)664-6409
30-Dec. 1	Conference on Hunger	World Bank	Washington	(202) 473-2475*
DECEMBER				
2-4	Int'l Symposium on Privatization	World Bank, et al.	Nice, France	(33) 93-97-1983
6-10	General Conference, Fifth Session	UNIDO	Vienna	(0943-1) 21-1310
7-10	Meeting on Replenishment and Institutional Arrangements for the Global Environment Facility	GEF	Cartagena, Colombia	(202) 473-5102*
7-8	Mozambique Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
9-10	Zambia Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
12-17	Conference on AIDS	World Health Organization	Marrakech, Morocco	(212) 229-5325*
13-14	Zimbabwe Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
13-16	Summit of Nine High-Population Countries	Education for All/ UNESCO	New Delhi	(33-1)4568-1000
16-17	Consultative Group Meeting for Occupied Territories	World Bank	Paris	(202) 473-2713*
20-21	Malawi Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
January 1994				
28-30	Annual Meeting	World Economic Forum	Davos, Switzerland	(41-22)736-0243

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RESEARCH

AIDS Traps Some Families In Poverty

Measuring how AIDS affects the daily lives of people in the developing world can be difficult. Simply finding the families that have lost members to AIDS is problematic, for example, because when the person dies, the cause of death is often not listed as AIDS-related.

Martha Ainsworth

But a World Bank research project in northwestern Tanzania shows that AIDS exacts a large human and economic toll on households in developing countries. Preliminary results of the study were released at a workshop on fatal adult illness and AIDS in Tanzania sponsored by the World Bank and the University of Dar es Saiaam.

Because AIDS strikes mainly adults in their most productive years, the illness robs families of one or more of their breadwinners. Losing that family member makes it even tougher for families to get ahead or break out of the cycle of poverty, says one of the study's researchers, Martha Ainsworth, of the Poverty and Human Resource Division of the Bank's Policy Research Department. Mead Over, also an economist in the Bank's Policy Research Department, is the principal investigator of the study.

Working in Kagera, Tanzania's region hardest hit by AIDS, Over, Ainsworth and a team of Tanzanian researchers sampled 816 households. Of that number, 16 percent reported having lost an adult member in the 15- to 50-year age range during the past year. In more than half of those affected households, the cause of death was diagnosed as AIDS or thought to be due to AIDS.

Affected families faced tougher odds of improving their standard of living than those which had not lost members to AIDS, says Ainsworth. The children of those households were less likely to be attending school, which will probably prevent them from taking higher-paying jobs in the future.

The families that had an adult death were more likely to be headed by women, whose time is already largely occupied with other household needs. Also, the affected families had more "dependents," or children and elderly, per adult to take care of than adults in unaffected households. On average, households spent $60 on medical and funeral expenses for each death, roughly equal to the average annual income in the area.

AIDS also helped to spawn a large number of orphans in Tanzania, says Ainsworth. Of the 2,250 children under 15 in the sampled families, some 130 had lost both parents, 185 lost their mother and 368 lost their father.

Ainsworth cautions that the Tanzanian study may overstate the effects of AIDS because the families sampled were generally at a higher risk of losing adult members to fatal illnesses. But for families affected by AIDS, research shows there has been both human and economic suffering.

The study will not be released until late 1994 but the workshop report is already available. For free copies of the report, write to the World Bank, Room S-13049, Washington, D.C., 20433, U.S.A. Fax: (202) 522-3230. □

PRESS ADVISORY

Hunger Conference Starts Nov. 30

The two-day World Bank-sponsored "Conference on Actions to Reduce Hunger Worldwide" will take place November 30 through December 1 at the Bender Arena of The American University in Washington, D.C. Press registration begins at 8:30 a.m. on November 30.

Speakers at the opening session include World Bank President Lewis Preston, U.S. Congressman Tony Hall, and World Bank Vice President for Environmentally Sustainable Development Ismail Serageldin. United Nations Secretary-General Boutros Boutros-Ghali will speak at 6 p.m. on November 30, and former U.S. President Jimmy Carter at 11:30 a.m. on December 1.

Other top officials from governments and international organizations, including the World Bank, are also scheduled to address the conference. For a complete schedule, contact Lisa Corey at (202) 473-1809, John Mitchell at (202) 473-2475 or Sarwat Hussain at (202) 473-5690.

WORLD BANK NEWS

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WORLD BANK NEWS

Volume XII, No. 46 December 3, 1993

HUNGER CONFERENCE

World Bank to Back 'Self-Help Credits' For the Poorest of the Poor

The World Bank's poverty reduction program gained strength on November 30 as World Bank President Lewis Preston announced the institution's readiness to support small self-help credit schemes to benefit the poorest of the poor.

World Bank/C. Cornemark

At least 700 million people in developing countries suffer from chronic malnutrition.

Mr. Preston was speaking in Washington at the opening session of the World Bank's first major conference on hunger, *Overcoming Global Hunger—A Conference on Actions to Reduce Hunger Worldwide.*

"To reduce hunger effectively, we have to reduce poverty," Preston said.

He announced that the World Bank would work with its partners towards expanding support for "micro-level" credit programs. The Bank was also making an immediate grant of $2 million to help cover the start-up costs of the Grameen Trust for the first year of its operations. The Grameen Trust was founded by the President of the Grameen Bank in Bangladesh, Dr. Mohammed Yunus, one of the speakers at the conference. The Trust has already initiated a program to provide seed capital and start-up funds to some 30 to 40 micro-credit schemes in various countries over the next five years. The grant will be sepa-

See HUNGER, *page 5*

Congressman Tells of Fast, Calls for Teamwork Against Hunger

Being hungry for more than three weeks was a "powerful" and "moving" experience, American Congressman Tony Hall told a World Bank-sponsored hunger conference in Washington on November 30.

Hall's fast last April helped draw attention to the continuing problem of hunger in the United States and the world. But aside from widespread media coverage, the fast also inspired the World Bank to hold this week's two-day conference, which brought together an array of hunger experts from governments and non-governmental organizations (NGOs).

"Looking back on it, I was amazed at the experience," Hall told the audience. "I felt very old, when in the afternoon, I couldn't walk a block without being winded. And when I would lay down to rest, I didn't feel like I could get up be

See HALL, *page 3*

UN Secretary-General Boutros-Ghali, former U.S. President Carter and Botswana President Masire speak out against hunger. **2**

The Global Environment Facility is nearing the end of its "pilot phase." A meeting next week in Colombia will decide its future. **9**

A new World Bank paper says Asian governments can halt environmental damage through policy changes—often at no cost. **10**

Development agenda, page 8

■

Lending roundup, page 11

■

Press advisory, page 12

Citing Experience, Botswana's President Says Famines Can Be Averted

Botswana has suffered numerous droughts during the past three decades but managed to avert widespread famine. Innovative food-import and distribution programs, along with targeted nutrition programs and food aid from other countries, helped prevent disaster.

Botswana's President Ketumile Masire provided the leadership needed to help the country cope with the most recent—and potentially disastrous—drought in 1992, according to World Bank President Lewis Preston, who introduced Masire at the Bank-sponsored hunger conference in Washington on November 30. Preston noted that in 1989, Masire had received the African Prize for Leadership for the Sustainable End to Hunger for his work in helping prevent famine in this drought-prone southern African country since he took office in 1980.

The following are excerpts from a speech that Masire delivered at the hunger conference:

Our purpose in gathering together here is not simply to talk about ways of reducing global hunger but to seek consensus on concrete actions that can be taken now which will make a difference.

The task we face is a formidable one. But I'm confident that by working together, we can make real progress toward our ultimate goal of ensuring that no one anywhere in the world goes to bed hungry.

Hunger is not just a problem faced by developing countries. The hungry are found everywhere in the North and in the South. And this need not to be so.

We have enough land and possess the technology to produce enough food to ensure that everyone has enough to eat. In short, the problem is essentially one of policies and purchasing power. The challenge is to find effective ways to provide households with food and economic security.

I am convinced that there is no famine that cannot be overcome if we have the political will to recognize the onset of famine conditions and to mobilize public and private resources—local and international—to deal with it.

We have demonstrated this last year in Southern Africa when we faced the worst drought in living memory. And we overcame it. Throughout the region, about 18 million people were short of food. Yet, there were no widespread deaths, and in some places, some children were even better fed than in years of plenty. This was the result of improved distribution of food achieved by the famine relief programs mounted in the region.

It is estimated that between 40 million and 50 million people around the world are affected [by hunger] at any one time. Nonetheless, I believe that we should give most time during this conference to discussing ways to lessen chronic hunger, the form of hunger associated with poverty. By that, I mean a household's inability to produce enough food or to provide income to buy enough food for the family.

Chronic hunger deserves most of our attention because it affects such a vast number of people and because we seem to have been less able to tackle it. Although it is more deeply entrenched, it is not intractable.

KETUMILE MASIRE: "We have enough land and possess the technology to produce enough food..."

With political determination, governments can do vastly more than what is being done today to reduce chronic hunger. We know that this is true since countries at the same level of per capita income vary significantly in the proportion of their populations that suffer from hunger.

Acceptance of the hunger present in our societies is akin to accepting poverty, and in that lies a great danger. Poverty is seen as a long-term problem that will only be overcome gradually as development takes place. The danger is that we will treat hunger in the same way—accepting it as a condition of underdevelopment. But that is a mistake. Hungry children become disadvantaged adults, with low productivity. This perpetuates the state of underdevelopment. We can break this vicious circle of poverty by targeting our efforts to reach those most in need.

I started this address by emphasizing a political dimension. In mounting public programs to combat hunger, there are difficult political problems to be faced. While I believe that over time, the benefits of economic growth do trickle down, and that poverty is reduced as East Asian countries have dramatically demonstrated over the past 10 years, it is nonetheless a slow process. If we are to reduce the numbers who are hungry in the short and medium term, we can only do so by transferring income from the better off to those in greatest need.

For the poorest of developing countries, external aid, especially food aid, is vitally important. These food programs are only short-term measures. The ultimate goal, as I have already stressed, is to raise the incomes of the poor.

The challenge for political leaders is to support a program that enhances the ability of each citizenry to be self-reliant.□

Boutros Boutros-Ghali Calls For Removing 'Shame' of Hunger

Following are excerpts from an address by Boutros Boutros-Ghali, the Secretary-General of the United Nations, to the World Bank's hunger conference on November 30:

Hunger is a global issue. Its existence violates that most basic of human rights—the right to survival. And it is our responsibility as an international community to guarantee that right.

The United Nations is central to this task because the solutions must be comprehensive. Food security requires an across-the-board effort. Its political, social, economic and technological factors all must be involved and integrated. Above all, food security must be guided by a political consensus on the need for action, as well as its nature and scope.

From the experience of the past, and the improved study of the present, some lessons emerge. One, coordination at the field level and at headquarters is of the essence.

Two, the modalities for the delivery of relief must take into account the need to ensure a continuum from relief to rehabilitation, reconstruction and development. Three, hunger is not a single, uniform scourge. Several types of hunger can be identified. One solution will not solve them all. But all of them are easier to pursue in a growing economy.

Boutros Boutros-Ghali

Four, although economic growth is necessary to eradicate hunger, it is not sufficient. Greater attention to poverty alleviation, health, education, and human fertility is necessary. Five, many problems of hunger, including famine, require the building of social institutions—particularly at the community level—for food production, storage and distribution.

And six, the need to act in good time. All too often, the international community has reacted to a very late stage, when a famine has reached catastrophic proportions.

Economic growth and prosperity will help eradicate hunger. Peace and stability will help eradicate hunger. Institution-building will help eradicate hunger. Targeting assistance will help eradicate hunger. Sustainable development policies will help eradicate hunger. We have the understanding, we have the means, we have the tools, to remove the shame of hunger from the world. □

Hall: Non-Governmental Organizations Deserve Praise

HALL, *from page 1*

cause I was tired, without energy, and yet I was not hungry anymore."

Hall said he felt anxiety and dread before he took up the open-ended, water-only fast. But refusing food taught him valuable lessons.

"By going 22 days without food—only water—I felt what it is like to see our children as they go to school, how they are tired, falling asleep, sometimes dull, because they don't have enough food to feed their brain," he said.

Tony Hall

On the global fight against hunger, Hall said the struggle has long been complicated by a debate between using a "top-down" approach, which depends on governments and international agencies leading the battle, or a "bottom up" approach, in which individuals or community groups participate in coming up with solutions to the problem. He said he has seen whole communities defeat hunger through the bottom-up approach.

"We here in Washington have tried to end poverty for years. Our policies, developed apart from the poor's everyday realities, have not completely worked. Our ideas of what is best for the people of Gonaives, Haiti, might not be their idea of what they need," he said.

Non-governmental organizations, Hall said, deserve praise for putting forth those kinds of bottom-up approaches and convincing governments and multilateral groups to provide both short-term and long-term solutions to world hunger and poverty. NGOs are also driving home to world leaders that solutions to hunger cannot be imposed from the top down.

But the World Bank, he said, also deserves credit for lending more to sectors such as health, nutrition and education.

"The Bank is a friend. And we can all help our friend by continuing to encourage the Bank to pursue economic growth that not only empowers the poor, but enables them to participate," he said.

Hall called on all groups fighting hunger to work together and support solutions that work, "no matter where they come from." The hunger conference "should be like a grand fire," he said. "A grand bonfire that heats a room during the cold winter months and while it burns brightly, it provides warmth and comfort. But if you separate the logs from the sticks, and scatter them piece by piece around the room, they burn out. Some might continue to burn, but it won't heat the room, it won't do the job."□

HUNGER CONFERENCE

Carter Says Cooperation, Teamwork Are Keys to Development

Following are excerpts from the address by Jimmy Carter, former President of the United States, to the World Bank's hunger conference on December 1:

Although I have been President of the United States, I come today to speak to you as a leader of a non-governmental organization (NGO)—one of hundreds that are represented here and around the world, and who are deeply involved and intensely interested in the subject of hunger.

In some ways, perhaps, the Carter Center is special. We're completely free to do as we choose. We go where we wish. We have many projects, more than 50 as a matter of fact, most of which are in African countries.

Except in the field of health and in the holding of elections in troubled countries, we have found it almost impossible to find a way to cooperate with the major national and international agencies. Along with other NGOs, we have been excluded from the development of a team effort and working as a member of a team within a troubled country that cries out for assistance.

Almost all agencies, including the World Bank, and I cannot exclude the Carter Center, jealously guard their turf and hesitate to admit failure or that participation of other agencies as part of a team can be beneficial. It's part of human nature.

And this is particularly intrusive and prevailing the lower you get in the level of the hierarchy. People in the field are very reluctant to admit to their superiors, "I need some help. I need somebody else on our team."

While there have been many hunger conferences in the past, noble world conferences with noble ideals and ideas, as is the case with this one, very rarely have their stated goals been met. Usually, the outcome is to create one or two umbrella agencies that almost invariably fade into total insignificance because they become saddled with bureaucracy and filled with lethargy.

The noble ideals expressed back in the early 1970s in rural conferences on hunger—those ideas have basically been abandoned. Had they not been, we would not be here. Today, we would be celebrating the elimination of hunger and malnutrition.

What are some of the problems that are more specific than the ones I have described?

"There are too many fragmented, uncoordinated, and even competitive programs..."

— Jimmy Carter

First of all is the reluctance to change basic policies, even in the face of failure. A recent study by the World Bank showed that there is enough food. The per capita production of basic food grains has increased and is likely to increase for the next 30 years.

But still there are pockets of starvation that have been persistent. For the last 20 years, there have been few successes in Africa. In the near East and Latin America, the number of hungry people has been about the same for the last 20 years.

The second thing above not admitting to failure is that there are too many fragmented, uncoordinated, and even competitive programs within a developing country.

The first time I went to Kenya to talk to President Moi about health programs, he said, "Mr. President, there are 200 health agencies here in Nairobi alone. My health minister has no way to know who they are or what they offer. They don't cooperate with each other. It is a cacophony of offers of assistance. These are good people. We don't know where to turn."

Nairobi is a nice place to live. That's one reason all these agencies are in Nairobi. There's perhaps an equal number dealing with hunger. But the agencies that have to work harmoniously with them and others inside a country, rarely have a working relationship with those who are there offering to help.

In many cases in Africa, and in other countries as well, the leaders of the nations—I know them well—quite often are first or second generation revolutionaries. They're not trained in economics, health, agriculture, or long-range planning and management. They need all the help they can get and they have priorities on them. The worse the situation is in the country, the more priorities they have that are much greater than organizing a comprehensive approach to the decrease of hunger in their countries.

Another very serious problem is that the programs must be country-specific. There needs to be a comprehensive approach to a country.

There needs to be a task-force approach, both among the donors who cooperate thoroughly with one another and among the recipients in a country who must cooperate with one another. I'm talking about a particular need for official agencies and non-governmental agencies to be involved intimately, both on the donor side and the recipient side.

Work out a specific plan, where all the NGOs are welcome, even extending to

See **CARTER**, *page 6*

Bank Official Says Hunger Can Be Conquered if the Poor Are Given the Means to Be More Productive

HUNGER, *from page 1*

rate from the World Bank's normal loans and credits which are made only to governments or involve a government guarantee.

Preston said the Bank should consider how it could complement its ongoing efforts and reach the poorest of the poor more directly. "Micro-level credit schemes... have proven to be highly effective at the grassroots level," Preston said. "The basic idea behind these schemes is to help people help themselves by starting small-scale income generation projects and businesses. They are a particularly effective way of reaching women—thereby helping to improve the incomes and well-being of their children and families."

Preston reminded the audience that hunger is sometimes caused by drought, disease, or war, and said there is always a need for a strong humanitarian response in those cases. "But the more widespread and deep-rooted form of hunger is caused by people having neither the capacity to produce food nor the income to buy it. Fundamentally, hunger is caused by poverty."

Preston said that reducing poverty will help reduce hunger, but reaching these goals requires five broad actions:

- supporting government policies that encourage economic growth and employment for the poor and removing policies that discriminate against agriculture and peasant farmers;
- investing in people's capacities through education, health, family planning, and nutrition;
- implementing better agricultural technologies and research;
- focusing on the vital linkage between environmental sustainability and increased food production; and
- expanding the participation of the poor in development through increased access to credit, land, and services.

Commenting on successful self-help credit schemes such as the Grameen Bank, Ismail Serageldin, the World Bank's Vice President for Environmentally Sustainable Development and Chairman of the Hunger Conference, said, "These programs have demonstrated that the poor are creditworthy. These are not handouts used to buy food, but are micro-enterprise loans used to develop productive self-employment for the poorest of the poor in the world." Although the Grameen Bank's loans are typically only $75 each, its loan portfolio totaled $113 million at the end of 1992.

World Bank research shows that many people are poor and hungry simply because they do not have access to money and the means of production beyond their own human capital. "Hunger is the most extreme form of poverty, and complementing sound economic policies by also supporting micro-credit interventions can go a long way toward ending that," said Serageldin.

Commenting on the experience of very poor women who have borrowed from the Grameen Bank, Serageldin said, "They lifted themselves out of poverty with a series of tiny loans which amounted, at the most, to a few hundred dollars. They became independent women who could help their own families, and even begin to employ other people."

Serageldin added that the World Bank wants to join other donors to duplicate this experience on a global scale. "Very little money is needed initially, but it does offer the possibility of rapid poverty reduction for the poorest and most disadvantaged groups in much of the developing world in our lifetimes," he said.

"I am convinced that, with the right policies, hunger can be conquered and the environment protected at the same time, if we all work together and, most of all, offer the poor the means to become more productive and hence to control their own lives," he added.□

The World Bank and Hunger

For many years the World Bank has been active in the battle to reduce global hunger as part of its mission to help promote sustainable growth with equity and to reduce poverty in developing countries. The Food and Agriculture Organization (FAO) of the United Nations estimates that at least 700 million people in developing countries suffer from chronic undernutrition.

According to the FAO, the hungry may number more than 1 billion. Such widespread hunger is certainly a humanitarian issue. But it is also a development issue: undernourished people produce less, are less healthy, lead shorter lives, and are more likely to live in environmentally degraded areas. Hunger is a cause and a consequence of poverty.

The World Bank addresses hunger in four principal ways: by encouraging environmentally sustainable and equitable economic growth; by supporting programs targeted to help the poor; by promoting agriculture and food production; and through specific programs and policies in such sectors as population, health and nutrition, education, women in development, food security, and averting and recovering from famine.

All these approaches strengthen food security. Food security is more than absence of famine. Whereas acute hunger may be temporary, for example in areas prone to drought, the key to food security, and therefore to reducing hunger, is access by all people at all times to enough food for an active and healthy life.

HUNGER CONFERENCE

Former U.S. President Notes That Pockets of Starvation Persist

CARTER, *from page 4*

the Rockefeller Foundation and the Ford Foundation, and the University of Georgia, Iowa, Minnesota and others in Europe. Say, "What can we do in this country to prove that the ideas forthcoming from this conference will actually work?"

It can be done in a number of countries. I think the World Bank ought to take the lead. But there has to be a specific commitment in a specific country or countries to try out the ideas that have been forthcoming here. Probably almost the same ideas that were forthcoming back in 1972 or 1974 or others. That's what my dream is. Prepare specific ideas that can be tried in a few places.

I think out of what has been presented by previous speakers, and maybe taking a few ideas from me, this conference can be substantive. There's no doubt that the recommendations will be superb. Will the recommendations be carried out? I don't know. I have my doubts. It's up to you, and me.□

Tackling Hunger Requires Tackling Poverty First, Bank VP Says

About 40,000 people die each day from causes related to hunger, a top World Bank official said at a conference in Washington on November 30.

But despite the magnitude of the problem, hunger is avoidable, according to World Bank Vice President Ismail Serageldin, who spoke to an audience of hundreds of development experts, government officials and others attending the World Bank-sponsored conference on overcoming global hunger.

"Hunger is surely the most abhorrent physical expression of absolute poverty," Serageldin said.

Reducing the incidence of hunger is important not only for humanitarian reasons but for economic reasons as well, the Bank official explained. Hunger stunts children's physical and intellectual growth, making it impossible for them to reach their full potential as working adults, Serageldin cited as an example of how hunger and economics are related.

"From an economic standpoint and from a political standpoint, we really have no choice: it makes no sense to leave so many kindred souls living in misery...barely on the brink of survival," Serageldin said.

What can the international community do to combat hunger?

Serageldin said that actions aimed at reducing poverty will help tackle hunger. "We believe that sound economic management, focusing on broad-based, employment-generating growth is a crucial feature of any effective attack on poverty," the Bank vice president added. "We also believe that these policies must be accompanied by increased investments in human resources."

The World Bank has been helping countries climb out of poverty and eliminate hunger by lending about $3 billion a year for human-resource development projects and close to $700 million a year for nutrition projects, Serageldin said.

"Perhaps I can share with you the feeling of outrage that so many of us in the development community feel about the problem of extreme poverty—and its ugly corollary, hunger—in the midst of a plentiful world," Serageldin said. "While many of the industrial countries struggle with the problems brought about by food surpluses, many developing countries struggle to provide their large populations with even the minimum diet required to save life."□

World Bank Actions to Reduce Hunger

Raising incomes:	Lending totaled $23.7 billion in fiscal year 1993.*
Reducing poverty:	Lending for the Program of Targeted Interventions in fiscal 1993 came to $4.96 billion.
Agriculture:	Lending for agriculture amounted to $3.27 billion; since it started the Bank has lent more than $42 billion for agriculture; the Bank manages the Consultative Group for International Agricultural Research.
Nutrition:	The total value of nutrition projects which the Bank has helped to finance was $685 million in fiscal 1993; the total value of these projects has risen sharply since 1987–89.
Women:	About half of all World Bank fiscal 1993 projects contained Women in Development measures. Nutrition is directly linked to the role of women. Apart from caring for their families, especially children, women also produce about half the food in developing countries and are entrepreneurs.
Food Security:	Lending totaled $100 million by fiscal 1993; the Bank launched the African food security initiative in 1989, under which six initial projects are being implemented.

**The Bank's fiscal year 1993 was July 1, 1992 to June 30, 1993.*

NGO Leader Asks World Bank to Commit to Change

The following are excerpts from a speech prepared for delivery by Carolyn Long, Vice President of Interaction, at the end of the World Bank-sponsored hunger conference in Washington on December 1. Interaction is a U.S.-based umbrella group of non-governmental organizations (NGOs).

I want to commend the World Bank for its willingness to listen her to some very frank exchanges about the way the Bank does its business and how it should change.

As this conference ends, I would like to ask myself, "what does this mean?" Is this a turning point for the World Bank and for all working to end hunger? Or will it have been just a conference which will fade in our memories as one more time when great ideas were proposed about eradicating poverty and hunger but nothing really changed?

The Bank has had a learning process on popular participation for almost three years, with a core group of staff examining how the Bank might alter the way it does business in order to effectively involve the poor in the design of projects and policies. The Bank has consulted with NGOs, with academics who specialize in researching participatory methods, had held a major workshop on the topic 18 months ago, and has developed many recommendations for changes in internal operations.

Is the Bank now willing to dramatically accelerate the institutionalization of participatory processes so that the poor can engage in the planning and design of policies, programs and projects?

I know that there are many "participation pioneers," as I like to call them, toiling valiantly within the Bank already to alter the way in which projects and policies are developed to incorporate participation and even to do social mobilization to find the poorest...

These are great efforts...but such work needs to be institutionalized throughout the Bank...

At present, staff are rewarded for moving money and for getting projects approved within certain time frames. Is the Bank now willing to change the incentive system so that staff are rewarded for effectively incorporating participatory methodology into the design of programs, or carrying out other innovations which refocus the Bank programs and operations more directly on the poor?

Some very good work is being done in vice presidencies of the Bank to ensure, for example, that environmental safeguards and other sustainability factors are incorporated into Bank programs.

CAROLYN LONG: "...Work *for* the poor..."

But usually decisions are made about projects in the country departments where rates of return, moving the money, and maintaining cordial relations with major borrowing governments are more important—and much or all of the important innovations in programming get left out. Would the Bank be willing to commit itself to interdepartmental decisionmaking so that the innovations are actually approved?

In terms of equity...all boats...don't rise. Actually, some little ones get flooded and sink... To prevent this, is the Bank willing to commit itself to strategies to eliminate gender bias, promote land reform and secure tenancy, reduce massive income differentials and give priority to hunger-prone groups and regions?

The...agreement [for the ninth replenishment of the lending base for the International Development Association, a World Bank affiliate] directs the Bank to give priority in its allocation of assistance to countries with demonstrated commitment to alleviate poverty. NGOs have been asking the Bank for four years how this commitment to poverty [is] being defined as something other than adherence to orthodox structural adjustment measures.

Yesterday, Atherton Martin [from the Development Institute, an NGO] proposed that NGOs from poor countries have a base in Washington where together with Northern NGO colleagues, they have the opportunity to make year-round input into the process of transforming the Bank into an instrument for development that is responsive to the needs of the poor and hungry. Is the Bank prepared to endorse this idea...?

In order to eradicate poverty, there is need for structural adjustment in the North in order to create a "level international playing field" for developing countries. Although the World Bank cannot press such reforms, we ask that the Bank at least monitor the damage done to developing countries by very selfish policies of the United States and other Northern industrialized countries such as protectionist trade policies and agricultural subsidies.

Now for the NGOs! We recommit ourselves today to work toward building a pro-poor constituency in the United States in order to provide the necessary grassroots support for changes in U.S. government policies and international policies so that they work for the poor in developing countries and not against them.

Secondly, NGOs also commit themselves today to collaborating with the World Bank in its efforts to transform its policies and operational approaches to put the poor at the center of the development process. This could be in areas where NGOs have particular expertise.

In U.S. President Bill Clinton's successful campaign for the presidency, they had a war room run by the famous James Carville. We wouldn't want a war room at the Bank, but how about a "pro-poor task force" or a "campaign headquarters to end poverty and hunger," a group that will seize the urgency of this need and make it happen? □

Date	Event	Sponsor	Location	Telephone
DECEMBER				
2-4	Int'l Symposium on Privatization	World Bank, et al.	Nice, France	(33) 93-97-1983
6-10	General Conference, Fifth Session	UNIDO	Vienna	(0943-1) 21-1310
7-10	Meeting on Replenishment and Institutional Arrangements for the Global Environment Facility	GEF	Cartagena, Colombia	(202) 473-5102*
7-8	Mozambique Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
9-10	Zambia Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
13-14	Zimbabwe Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
13-16	Summit of Nine High-Population Countries	Education for All/ UNESCO	New Delhi	(33-1)4568-1000
16-17	Consultative Group Meeting for Occupied Territories	World Bank	Paris	(202) 473-2713*
20-21	Malawi Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
JANUARY 1994				
25	Economic and Social Council, Election of the Bureau for 1994	United Nations	New York	(212)-963-5739*
28-30	Annual Meeting	World Economic Forum	Davos, Switzerland	(41-22)736-0243
MARCH				
21-29	World Telecommunication Development Conference	ITU	Buenos Aires	(41-22)730-511
28-29	Meeting on Population and Development	OECD	Paris	(202) 785-6323*

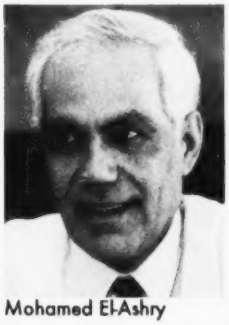
Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

INTERVIEW

Cartagena Meeting Decides GEF's Next Three Years

Since 1991, the Global Environment Facility (GEF) has provided grants to developing countries for efforts aimed at protecting the global environment. As of October of this year, more than $750 million had been committed to 113 projects in countries with per capita incomes averaging less than $4,000 a year.

As the GEF's three-year "pilot phase" reaches an end early next year, the 70 countries taking part in the Facility are preparing to decide its future. From December 6 through 10, representatives from those nations will meet in Cartagena, Colombia, to reach agreement on how the GEF should be organized and how much money it will need.



Mohamed El-Ashry

Mohamed El-Ashry, director of the World Bank's Environment Department and chief environmental advisor to the Bank's president, chairs the GEF. El-Ashry says he is "cautiously optimistic" that the Cartagena meeting will propel the GEF into permanent status.

The World Bank shares responsibility for implementing the GEF with the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). The GEF emerged from the Earth Summit last year in Rio de Janeiro as the principal funding mechanism for global environmental activities, particularly in relation to the Climate and Biodiversity Conventions that were signed in Rio by more than 150 countries.

El-Ashry recently spoke to World Bank News about the upcoming Cartagena meeting and the future of the GEF. Excerpts follow:

WBN: What does the Cartagena meeting mean for the GEF?

Mr. El-Ashry: The GEF is at a critical stage in its short life as governments wrestle with the Facility's transition from a bold experiment to a more permanent existence.

The Cartagena meeting marks the culmination of negotiations on the GEF's restructuring that started in Abidjan in December 1992. The meeting will give countries an opportunity to seal agreement on the organizational and financial future of the GEF.

WBN: You've said the previous talks left you "cautiously optimistic" about the Cartagena meeting. Why?

Mr. El-Ashry: Negotiations during the last 11 months on restructuring of the GEF have not been all that smooth. This is no surprise. Governments have often had difficulty in forging common positions and coordinating policy among ministries that have had little experience of working together. This often makes the negotiation process painfully slow. But as the negotiations have evolved, significant strides have been made.

WBN: What kinds of "strides" do you mean?

Mr. El-Ashry: During a meeting in Paris this month, donors settled a number of technical issues related to replenishing the GEF's funds and reached consensus on a target of $2 billion for the next three years. That is two and a half times the size of the GEF'scurrent so-called core fund.

WBN: What will the new GEF look like?

Mr. El-Ashry: The new GEF will continue to operate on the basis of current cooperation and partnership among the three implementing agencies: the World Bank, UNDP and UNEP. In other words, no new institution will be established.

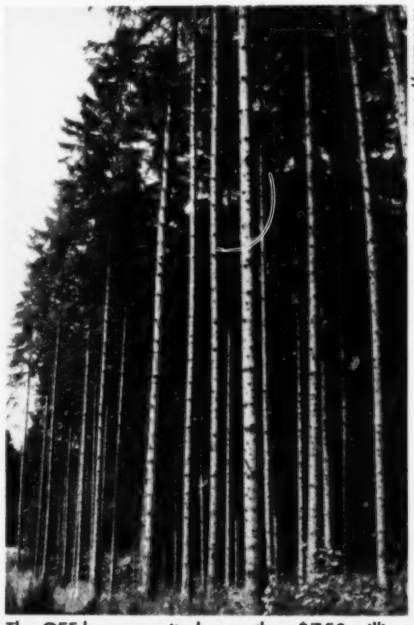
But the GEF will have an Assembly, a Council and a Secretariat. The Assembly will meet once every two to three years, mainly to review the GEF's general policies and operations. The Council, meanwhile, will be responsible for developing and adopting the specific policies, guidelines and programs to be pursued by the GEF. It will have 30 members representing constituency groupings. The Secretariat will be functionally independent from the implementing agencies but administratively supported by the Bank.

WBN: Do you think the GEF has achieved what it set out to do?

Mr. El-Ashry: Yes. Since it started up in 1991, the GEF has channeled millions of dollars toward investments and technical assistance to demonstrate approaches to help control global warming, protect biodiversity and international waters and prevent ozone depletion.

The GEF has also moved closer toward its goal of universal membership. When it was set up, it had 24 member countries. But the number of participants has steadily increased since December 1992, when the GEF decided to waive the minimum $5.5 million membership contribution. Now, more than 70 countries are taking part in the GEF, giving the organization representation from 92 percent of the world's population.

More importantly, the GEF and the negotiations on its restructuring and replenishment reflect the important role it will play in international cooperation. □



R. Massey/UNDP

The GEF has commited more than $750 million to help protect the global environment. Here, a forest in Bohemia suffers from environmental degradation.

PUBLICATIONS

Changes in Some Economic Policies Could Improve Asia's Environment, New Report Says

The following story on the publication, Towards an Environmental Strategy for Asia, *is embargoed for release in morning newspapers on Monday, December 6.*

A World Bank discussion paper published on December 6 recommends a series of sweeping policy changes governments in Asia should make to halt—and begin to reverse—the widespread damage to the environment. Several of the proposed steps involve little or no cost, though all are designed to place a greater value on the environment and basic human welfare.

The paper, *Towards An Environmental Strategy For Asia* by World Bank staff members Carter Brandon and Ramesh Ramankutty—says "market and policy failures" are the fundamental causes of Asia's environment troubles. Increases in population, industrialization and rapid movement of people to cities also are placing pressure on natural resources.

Another cause of the region's environmental problems is "the common perception—caused, in part, by lack of information—that there is a direct tradeoff between environmental protection and economic growth," the study says. There is, in fact, no such trade-off, the authors argue, and new policies can save more than they cost, increasing both economic efficiency and the welfare of the populace.

The authors specify water pollution, air pollution, solid waste and inappropriate land use as four key issues needing attention in Asia's cities. In rural areas, forests and marginal lands are under pressure from farmers, commercial logging, and excess demand for firewood and fodder. Land degradation, deforestation and loss of biodiversity are widespread.

"What we're seeing in Asia is exponential growth in pollution, traffic, and toxic wastes," Brandon says.

"The solutions don't lie in stopping growth, but in making that growth more sustainable by recognizing that abatement costs we face today are far less than what we will face in the future, and by recognizing that the quality of life—and not just our incomes—matters a great deal," Brandon adds.

"The key to improved environmental management is really in improved economic efficiency," the World Bank staff member says. "We've seen worldwide that the dirtiest firms are in the most stagnant economies. In Asia, as part of the powerful economic expansion taking place, we need to be sure that the incentives are in place for firms to buy the latest—and cleanest—technologies. By the year 2010, 85 percent of all industrial equipment in the newly industrializing countries (NICs) will be new.

"The global issues that we all know about—such as global warming, ozone, and biodiversity are, quite frankly, lower on the list of priorities for developing countries. To address the global issues, we're working to expand the work of the international funds such as the Global Environmental Facility, the Montreal Protocol, and the large non-profit movement to support environmental projects across Asia."

The paper suggests a framework for improving environmental management, including:

- Priority setting—given the scope of the problem and the limited financial and administrative resources available to deal with it, Asian countries should decide what is politically and economically feasible.
- Policy reform—this involves using pricing of resources, taxes or marketable permits to change polluting behavior. Full-cost pricing of environmental inputs, such as air, water and timber, are vital if consumption is to be brought back to sustainable levels. The policy stance should also use regulatory or administrative measures to impose quantitative limits, enforce property rights, and screen public and private investments. It would also make more use of extra regulatory approaches, such as introducing public disclosure requirements and in-

Continues to top of next page

P. Stephens

Air pollution, like that caused by this Bangkok traffic, is widespread in Asian cities.

Sustaining Asia's Recent Economic Gains Will Require Actions to Protect the Environment

creasing environmental liability litigation.

• Strengthening public institutions–only with effective institutions can a country define its environmental goals effectively and enforce them. Weak institutions, including research and administrative agencies, limit the choice of policies available to a country.

• Increasing public and private investment–the World Bank estimates that Asia needs to spend about $38 billion a year by 2000—two-thirds of it in East Asia—to make environmental policies more sustainable. Such outlays are beyond the reach of governments and private funds will be needed to make up the gap.

• Improving technologies and technology transfer—these are essential to maintaining economic growth as populations grow, cities become larger and the resource base is degraded. Clean technologies will be most available in Asian countries with open trade regimes and business climates which foster foreign investment.

The report calls the elimination of subsidies on water, electricity and fuels—to reduce waste and inefficiency, and financially strengthen the companies providing these services. The report notes also that the poor are more likely to be hurt by urban pollution, and investments in cleaner air and water are therefore likely to benefit poor people. But the picture elsewhere is more complex.

"In rural areas the poor are often disproportionately, and usually inadvertently, the perpetrators of environmental degradation," the report says. The environmental policies required to bring about increased sustainability involve both positive and negative impacts on the poor. Reforms in land tenure, to the extent that the poor gain tenure, would be positive. The truly landless, however, would be increasingly cut off as others gain title. Solutions to the landless poor have to be site and area specific."

The Director of the Asia Technical Department at the World Bank, Daniel Ritchie, said that "the environment in Asia is one of the greatest development challenges in the world today. The reason is not only the complexity of environmental issues themselves but also the complex linkages between growth, population, poverty, and the environment.

"Asia has already dramatically shown that economic growth can reduce population growth rates and the incidence of poverty. However, to sustain the recent economic gains, greater priority will need to be given to the development of sound environmental policies and of public and private institutions capable of implementing these policies."

Ritchie said that what was most needed was "political will, commitment and action—in the form of investments, education and policy reform—to reverse the alarming environmental degradation still being observed."

Towards an Environmental Strategy for Asia is priced at $6.95. Journalists may receive complimentary review copies of by writing on company letterhead to Peter Stephens, the World Bank, Room E-10-000, Washington, D.C. 20433, U.S.A. Fax (202) 477-1837.□

Belize A $20 million World Bank loan will help rehabilitate the infrastructure of Belize City, the country's largest urban center and home to one-third of the country's population. The loan will make it possible for the government to repair streets, improve traffic management and drainage systems, protect coastal areas and strengthen the city's ability to maintain infrastructure and deliver urban services.

Brazil Poorly performing schools in the northeast of Brazil will benefit from a project supported by a $206.6 million World Bank loan. The project will result in increased student learning, reduced grade repetition and dropouts and increased primary-school completion in five Brazilian states.

Morocco A $160 million World Bank loan will help Morocco address the needs of the poorest people by improving water supplies in urban and rural areas. The project also aims to assist the government in developing a long-term policy on institution-building and cost recovery of water services. Also, Morocco's efforts at developing a competitive and financially sound rural finance system will benefit from a $100 million Bank loan.

Slovak Republic An $80 million World Bank loan will support reforms to put the Slovak economy on a path of recovery. The reforms focus on fiscal retrenchment, a more efficient social-safety net, strengthening and diversifying the financial sector, and continued privatization, private-sector development and enterprise restructuring.

PUBLICATIONS

Study Shows Lessons from East Asia's Economic Success

The fast-growing economies of East Asia owe their success to governments which provided a stable economic and political environment for development and invested in the education and health of the population, according to an in-depth report published on November 29 by the World Bank. The analysis challenges the view that success depended on "picking winners" among emerging industries.

In the report, *The Lessons of East Asia: An Overview of Country Experience*, economists Danny Leipziger and Vinod Thomas say the main element of the region's success is pragmatic policy making, which they define as a relative lack of ideology in decisionmaking and a willingness of governments to abandon policies which failed to live up to expectations.

The new report is a companion piece to the *East Asian Miracle: Economic Growth and Public Policy*, published by the Bank in September. *The Lessons of East Asia* is unlike earlier examinations of the region's performance because it draws conclusions on a country-by-country basis.

The overall findings reflect a composite of these individual country studies, which were carried out by teams of economists, including local country specialists.

Gautam Kaji, the World Bank's regional vice president of East Asia and Pacific said the studies dispelled the notion that there was a single or uniform East Asian model of success. "The research highlights considerable variation in approaches within the group of East Asian economies," Mr. Kaji said. "For example, some economies chose a substantial degree of government intervention; others did not."

He said research showed that "a core set of good economic policies—such as macroeconomic discipline, outward orientation, and human resource development—laid the foundation for East Asia's success. Pragmatic policymaking—understood as being non-ideological and reversible—seems to be at the heart of these policies and merits replication."

Among its major findings, the report concludes that:

- One of the key ingredients in East Asia's success was active government. But it was not more government which had a positive effect—it was better government.
- The first generation of industrializing countries (South Korea, Singapore, Hong Kong and Taiwan, China) relied more on government intervention than the second generation (Indonesia, Malaysia and Thailand).
- Picking winners led to high rewards in a small percentage of cases where the experiment was successful, and to disastrous results in a large percentage of failures.
- In East Asia, governments were repeatedly able to distance themselves from past policies which failed or were no longer useful.

The Lessons of East Asia is priced at $6.95. Journalists may receive complimentary review copies by writing on company letterhead to Peter Stephens at the World Bank, Room E-10-000, Washington, D.C. 20433. Fax: (202) 477-1837.□

Clarification

The price of a new World Bank publication, *The Health of Adults in the Developing World*, is $34.95. The price of this publication's summary, which was mentioned in last week's *World Bank News*, is $6.95.

Briefing on *Debt Tables* To Take Place on December 10

Flows of private capital to developing countries continued to increase in 1993, but the increase has been uneven across regions.

Trends in the capital flows and the status of more than 100 developing countries' debt will be the focus of a pre-publication press briefing on a new World Bank report, *World Debt Tables 1993-94*.

The briefing will take place on December 10 at 10:30 a.m. in the auditorium of the World Bank's "J" building at 701 18th Street N.W. in Washington. World Bank Chief Economist and Vice President for Development Economics Michael Bruno will lead the briefing.

The report and comments at the briefing are embargoed for release at 3 p.m. EST (2000 GMT) on December 15.

For more information, contact Bill Brannigan at (202) 473-1784.

WORLD BANK NEWS

Richard Kollodge, Editor
Cynthia Delgadillo, Production Assistant
Andrew Kircher, Reporter

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WORLD BANK NEWS

Volume XII, No. 47 December 9, 1993

Forest 'Remnants' Aid Development And Protect Biodiversity

World Bank Seminars Address Environmental Issues

The alarming clear-cutting of tropical forests in recent years has destroyed many valuable habitats for an array of animal and bird species.

Ignoring that devastation is a big mistake for environmentalists and economists, according to a paper by two natural-resource researchers that will be presented on December 10 at a World Bank-sponsored seminar open to journalists.

The researchers say that loggers often leave behind forest "remnants," or small swaths of forest along creek banks or next to croplands, that can still be used to benefit humans and biodiversity.

"Forest remnants represent an area of mutual interest for rural people and conservationists," say Russell Greenberg of the Smithsonian Migratory Bird Center, and John Schelhas, formerly with the Bird Center and now with Cornell University's Department of Natural Resources. "Yet their potential for incorporation in rural conservation and development programs has been largely unrecognized."

Most development projects either ignore or even harm leftover chunks of forest, say Schelhas and Greenberg. But if the remnants are used wisely, they can benefit farming and agroforestry systems, giving the poor a chance to improve their standard of living.

"Forest remnants provide many benefits to rural people, including food, products, income and security," say Schelhas and Greenberg. "The importance and role of forest remnant benefits in rural economies and lifestyles varies widely, and include remnants of native arboraceous vegetation found in streamside forest corridors, community household forests and woodlots and managed forests."

Forest remnants that are found in the agricultural landscape in the tropics are also increasingly important for the conservation of biodiversity. They serve as corridors and stepping stones between reserves and provide habitats for many species, such as migratory birds, that many not be well-served by current systems of large protected areas, according to Schelhas and Greenberg.

The seminar marks the sixth in the Bank's "Friday Environment Series." Previous sessions have focused on topics ranging from the effects of population growth on deforestation and the impact

See BIODIVERSITY, *page 2*

H. Wagner

Forest remnants left behind by loggers can be used to preserve a country's biodiversity.

Loans totaling $40 million will help Chile develop municipalities and Colombia improve financial management. **2**

A new report explains how governments often waste money by failing to place a value on forests. **2**

Development agenda, page 3

New Jamaica office, page 4

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Seminars Focus on Biodiversity, Preserving 'Natural Capital'

BIODIVERSITY, *from page 1*

of land abandonment on agriculture in the Amazon. Last week's seminar featured the Organization of Economic Cooperation and Development's "Green" model for assessing the worldwide economic impacts of imposing constraints on carbon emissions.

The seminar series offers Bank staff a chance to learn more about different perspectives on environmentally sustainable development, says Jocelyn Mason of the Bank's Environment Department.

"The Bank knows it has a lot to learn about how to make environmentally sustainable development operational," says Mason who coordinates the seminars. "By bringing in different views from both inside and outside the Bank, these talks help Bank staff take the perspectives of a wide range of related disciplines into account in their development work. After all, the concept of environmentally sustainable development includes the different ideas of economists, ecologists, sociologists and others."

The next seminar scheduled for December 17 will feature Bank staff, including Herman Daly, senior economist in the pollution and environmental economics division of the Bank's Environment Department, discussing the issue of "natural capital depletion." The series will pick up again on January 7, 1994.

For more information on the seminars, contact Jocelyn Mason at (202) 473-1262, or write to The World Bank, Room S-5061, 1818 H Street, N.W., Washington, D.C., 20433. Fax: (202) 477-0565. □

LENDING

Colombia Streamlines Finances

Colombia aims to improve its public financial management with help from a $30 million World Bank loan approved December 7. Colombia hopes the seven-year plan will raise public revenues by 30 percent by the year 2000 through better tax collection and more efficient public resource programming.

Under the plan, Colombia will put new accountability principles into place in key national institutions and develop pilot plans in some government departments and municipalities. The rigor in public financial management would help create an "accountability culture," reestablish public confidence in government and public administration, and create an overall institutional environment conducive to private sector development.

Twenty-five years after administrative reforms, Colombia's network of interrelated public agencies has evolved into unmanageable proportions requiring fundamental change. The current system suffers from inefficiency and inequities that prevent the government from evenly distributing the benefits from recent adjustment policies. □

Chilean Project Targets 25 Municipalities

Chile plans to launch a municipal development pilot project in 25 towns with help from a $10 million World Bank loan approved December 7.

The project aims to help the municipalities improve delivery of health and education services and become more efficient to meet new responsibilities. Since 1991, Chile has enacted far-reaching legislative and constitutional reforms that will dramatically increase the tasks and revenues being transferred to both municipalities and regions.

The three-year pilot project would mark one of the first stages needed to implement the reforms. On the national level, it will help identify concrete policy options for increasing incentives for local governments to follow sound fiscal practices. On the municipal level, it will improve municipalities' management tools. □

Forests Have Economic Value, Which Countries Must Not Ignore

Putting a price on a forest can be tough in any country. After all, aside from valuing the timber, how can you measure the worth of a forest? How do you put a price on the biological diversity it houses, the climate it nurtures or the aesthetic appeal it offers visitors?

Because valuing forests is difficult, government and development officials often underestimate their worth. But a new World Bank information paper says that failing to put a value on forests can create bad policies that lead to environmental destruction and economic loss.

"Undervaluing forest outputs and services creates a bias in favor of alternative uses for the land, and the consequent loss of forest products and services," says the paper, *Forestry Values: Much More than Meets the Eye*. The paper is the first in a series of environmental "dissemination notes" available free to the public from the Bank's Environment Department.

There are ways to measure the value of a forest aside from just valuing the price of timber sold, says the paper. By putting a price on three types of "non-timber" goods, governments can better measure a forest's overall value.

First, "potential market goods" can be valued. These are goods that aren't normally traded, including low-quality construction materials and forest foods. Second, putting a price on "public goods" can help determine a forest's value. These goods are available to everyone, for example, water quality, recreational value and a forest's ability to filter carbons from the atmosphere.

And third, a forest's overall worth can include "non-use values." These involve the value of preserving the forests for future use, for example, for the medicinal value of undiscovered species. Also, the value of leaving the resource for the benefit of future generations may be con-

See FORESTS, *page 4*

Date	Event	Sponsor	Location	Telephone
DECEMBER				
7-10	Meeting on Replenishment and Institutional Arrangements for the Global Environment Facility	GEF	Cartagena, Colombia	(202) 473-5102*
9-10	Zambia Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
13-14	Zimbabwe Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
13-16	Summit of Nine High-Population Countries	Education for All/ UNESCO	New Delhi	(33-1)4568-1000
16-17	Consultative Group Meeting for Occupied Territories	World Bank	Paris	(202) 473-2713*
20-21	Malawi Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
JANUARY 1994				
25	Economic and Social Council, Election of the Bureau for 1994	United Nations	New York	(212)-963-5739*
28-30	Annual Meeting	World Economic Forum	Davos, Switzerland	(41-22)736-0243
MARCH				
21-29	World Telecommunication Development Conference	ITU	Buenos Aires	(41-22)730-5111
28-29	Meeting on Population and Development	OECD	Paris	(202)785-6323*
APRIL				
4-7	Fifth Global Warming Science and Policy International Conference and Expo	Global Warming International Center	San Francisco	(708) 910-1551*
4-9	21st World Conference of the Society for International Development	SID	Mexico City	(0939) 6591-7897

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

Research Shows How Countries Could Increase Revenues By Preventing Indiscriminate Logging

FORESTS, *from page 2*

sidered. Lastly, the value of simply preserving a resource for posterity to merely appreciate can be assigned some value.

The paper points to a study in Peru that shows the promise of valuing a forest's worth aside from its timber value. If the one hectare of land featured in the study were cut down for its timber, it would yield $1,000 in revenue. But more revenue could be reaped if only selective logging were done and the trees were used to yield other products. By combining proceeds from limited timber harvest, and revenue from fruit and latex production from the remaining trees, the same hectare of land could bring in $6,820. That's without counting non-use values.

By publishing the environment dissemination notes, the Bank is trying to offer substantive summaries of environmental issues relevant to development. Each of the papers reflects the latest thinking of World Bank experts and non-Bank researchers, says John Dixon, senior environmental economist in the pollution and environmental economics division of the Bank's Environment Department.

"There is a lot of interest in improving the environment," says Dixon. "But there is a dearth of concise information on how to do that. We hope these summaries will help to open the dialogue on how to tackle a number of environmental issues when applying them to the field of development."

The first three of the papers are now available to the public free of charge, including *Forestry Values: Much More than Meets the Eye, The Economic Toll of Pollution's Effects on Health* and *What are Wetlands Worth?* New papers will be released biweekly. The next three will focus on watershed management, environmental indicators, and the use of surveys to value public goods.

For copies of the environment dissemination notes, call John Dixon at (202) 473-8594 or Jocelyn Mason at (202) 473-1262. Or write to The World Bank, Room S-3065, 1818 H St. N.W., Washington, D.C., 20433, Fax: (202) 477-0968.□

New Bank Office in Jamaica

The World Bank will open an office in Kingston, Jamaica in January 1994. Van Pulley has been appointed head of the new office.

Meanwhile, the World Bank is moving ahead with plans to establish a Caribbean Public Information Center at the University of the West Indies in Kingston. The center will be an integral part of the new World Bank office and will be the first such center set up by the Bank in a developing country.□

Zaire's Loans Enter Non-Accrual Status

The World Bank placed loans and credits to Zaire into non-accrual status as of November 15.

The Bank places loans into non-accrual status when a country is behind at least six months on repayments.□

Correction

Last week's issue of *World Bank News* failed to list two photo credits. The photograph of Ketumile Masire on page two was taken by Michele Iannacci, and the photograph of Boutros Boutros-Ghali on page three was taken by Michael Spilotro.

PRESS ADVISORY

Consultative Group Meeting for Bolivia

The World Bank is sponsoring a "consultative group" meeting for Bolivia on December 9-11.

The meeting, which will take place at the World Bank's headquarters, will give officials from the Bolivian government, 22 aid-donor nations and 16 international organizations an opportunity to discuss Bolivia's development programs and goals and to determine how much financial support the country will need in the coming years.

Journalists are invited to attend a press briefing at the end of the meeting. The briefing will begin at 1 p.m. on Saturday, December 11 at the World Bank's "H Building" auditorium at 600 19th Street, N.W. in Washington.

For more information, contact Ciro Gamarra at (202) 473-8721.

WORLD BANK NEWS

Richard Kollodge, Editor
Cynthia Delgadillo, Production Assistant
Andrew Kircher, Reporter

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WORLD BANK NEWS

Volume XII, No. 48 December 16, 1993

Capital Flows to Developing Countries Reach Record Level in 1993

Private Flows Exceed Official Financing For Second Consecutive Year

Net flows of external finance to all developing countries jumped to a record $157 billion in 1992 and are projected to rise another 13 percent to $177 billion in 1993, the World Bank reported. This represents an increase in private capital flows to the developing world of more than two and a half times since 1990.

This year marks the second consecutive one in which resource flows from private sources, driven by continuing surges in foreign direct investment, bond issuance, and equity portfolio investment, will exceed funding from official sources, according to *World Debt Tables 1993-94*, published in Washington on December 15.

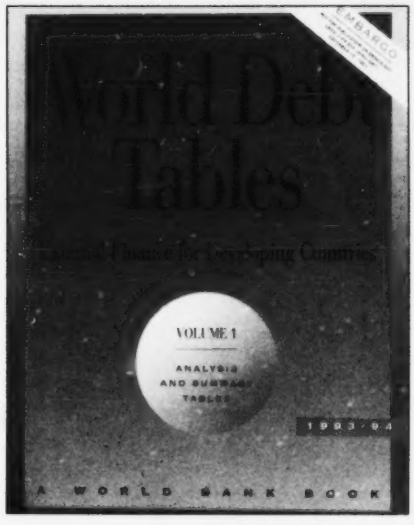
Michael Bruno

However, this expansion of private resource flows has benefited comparatively few developing countries, most of them with middle incomes. For the low-income countries, with the notable exception of China, there has been virtual stagnation in net resource flows, most of which come from official rather than private sources.

Donor aid budgets are coming under pressure and are subject to new aid claimants, the study notes. While there has been slow growth in official flows in nominal terms, the report does welcome a shift towards grant-financing for low-income countries.

External Debt

The total external debt of all developing countries reached $1.66 trillion at the end of 1992, a $56 billion or 3.5 percent increase over the previous year. By the end of this year, it is projected to reach $1.77 trillion, up 6.5 percent from the end of 1992. The recent increases reflect improved access to international capital markets by the developing countries,



the study says.

On a regional basis, East Asia and the Pacific together with Europe and Central Asia and South Asia showed the largest increases in external debt during each of the last two years. Voluntary debt reduction in 1993 and decreases in interest

See **DEBT**, *page 2*

Representatives from aid donor nations and international organizations have pledged $2.6 billion for three countries. **3**

Papua New Guinea prepares to profit from recently discovered oil reserves. Comoros improves health and education services. **6**

Future of GEF, page 2

Development agenda, page 4

Lending roundup, page 6

Developing Countries' Debt Will Reach $1.77 Trillion

DEBT, *from page 1*

arrears are expected to account for a $19 billion decrease in debt stocks. At the same time, capitalization of interest through debt rescheduling is projected to add another $15 billion to total external debt.

Conclusion of further "Brady-type" debt reduction packages in 1992-93, for Nigeria, the Philippines, and Argentina, brought to seven the number of agreements reached between developing countries and their commercial-bank creditors. These agreements have resulted in the restructuring of slightly more than half of the total commercial-bank debt of developing countries. The completion of three pending agreements—for Brazil, the Dominican Republic, and Jordan—would raise this proportion to roughly two-thirds.

Restructuring of the official debt of developing countries resulted in 11 nations concluding agreements with the Paris Club of official creditors in the 12-month period ending in November 1993. Despite debt forgiveness of some $22 billion since 1985, mostly by bilateral creditors, the total debt stock of the severely indebted low-income countries has risen by about $67 billion. Debt forgiveness has been offset by capitalization of interest and accumulation of arrears.

"For some of these countries, external viability cannot be restored without a deeper reduction of bilateral debt," according to Michael Bruno, the World Bank's Chief Economist and Vice President of Development Economics.

Private Flows

Along with the surge in private capital flows to developing countries, there has been a shift from bank to non-bank sources and from predominantly sovereign to mainly private borrowers. Foreign direct investment (FDI) is now the largest single source of external finance for developing countries, accounting for more than 30 percent of total net flows. These flows have grown even as global FDI has declined. Developing-country share of all FDI is expected to reach around 35 percent in 1993, an all-time high.

China is the largest single recipient—and source—of FDI flows among developing countries, the study observes, with a projected inflow of $15 billion (or more than a quarter of the projected total) in 1993. Regionally, Asia is the largest recipient of FDI, followed by Latin America and the Caribbean. China, along with Mexico, Argentina, Malaysia and Thailand, accounted for almost 60 percent of the $47 billion FDI flowing to developing countries in 1992.

During the past decade, the report states, there has been a shift of FDI from manufacturing to services. In the 1990s, FDI often represents high technology investment in telecommunications and transportation. FDI outflows from developing countries have also increased rapidly in recent years, primarily from three nations: Brazil, China and Korea.

"The principal reason for the dramatic increase in private inflows to developing countries," Bruno says, "has been reform in economic policies." Prominent among these reforms are fiscal consolidation, greater openness to trade, privatization, and more market-oriented policies. The return to capital market access has also been facilitated by the reduction of commercial-bank debt overhangs for a number of heavily indebted middle-income countries.

Valid concerns have been raised about the sustainability and management of the new capital flows, the study acknowledges, but offers several reasons why the current flows may prove more durable than the commercial-bank lending of the 1970s:

- Most developing countries have improved their economic policies;
- Funds are being channeled more productively to private-sector borrowers;
- The prominence of equity flows enhances risk-sharing between borrowers and creditors.

World Debt Tables 1993-94 is priced at $16.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8054, Washington, D.C. 20433, U.S.A. Fax: (202) 676-0579.□

MEETINGS

Discussions on GEF's Future to Continue in 1994

Government officials from developed and developing countries moved one step closer toward an agreement on the future of the Global Environment Facility (GEF).

The officials, meeting in Cartagena, Colombia, December 6-10, plan to meet again early next year to finalize details on a plan to extend the GEF beyond its three-year pilot phase, which ends soon.

The GEF was set up in 1991 to provide grants to developing countries to help them tackle environmental problems that go beyond national boundaries. The World Bank, the United Nations Environment Programme and the U.N. Development Programme are responsible for implementing the GEF.

Although the officials have not yet reached agreement on the "institutional framework" for the GEF, they confirmed their intention to contribute about $2 billion toward the facility for its next phase.

GEF Chairman Mohamed El-Ashry said that an agreement is within reach but will be delayed until participants have a chance to consult with their governments about plans for restructuring the facility. "We have made strides in Cartagena but the result is a setback and a cause for disappointment," El-Ashry said. Earlier in the week, he said he was "particularly encouraged" by the "high degree of flexibility" of aid donors on contentious issues about replenishing the funding for the GEF.□

CONSULTATIVE GROUPS

Zambia to Receive $800 Million in 1994

A group representing 13 aid-donor nations and 12 international organizations estimated likely support levels of $800 million for Zambia for 1994. But the group, meeting in Paris on December 9-10, suggested that the support assumes that required progress is made in implementing new economic policies.

Donors and organizations said if progress is made, they would be prepared to give special consideration to additional financial support.

The group praised Zambia for maintaining its commitment to the country's economic recovery program under difficult conditions, and welcomed its commitment to developing social services.

But it noted formidable challenges ahead, including Zambia's heavy debt, and it expressed concern about the slow pace of privatization. Bilateral donors expressed concern on issues of good governance and welcomed the Zambian government's commitment to action in this area.

Zambia, meanwhile, highlighted the country's dramatic reduction in the inflation rate and further liberalization of the exchange and trade regime. It reaffirmed its commitment to the economic recovery program and appealed for continued support from the donor community to help safeguard the progress and to move forward with economic growth.□

Bolivia Expected to Receive $1 Billion in 1994

Representatives of 23 donor countries and international organizations meeting in Paris from December 9-11 announced they expect to commit about $1 billion to Bolivia in 1994. The funds would go to support Bolivia's development programs.

The donor community expressed its support for the Bolivian government's objective of accelerated and equitable growth. The delegates strongly supported the government's commitment to remove the public sector from productive activities and to concentrate on improving infrastructure and providing basic social services.

The delegates also applauded the importance of expanding human capital investment as a key ingredient to sustaining economic growth. The participants welcomed the government's strong focus on decentralization and increasing community participation in development programs.

The government, meanwhile, stressed its commitment to maintaining economic stability and promoting growth through its "capitalization program" and through reforms aimed at expanding the role of the private sector in the economy. It will also focus public sector interventions on improving infrastructure.

The government presented an ambitious plan to transform the country socially and economically. The program for economic development places an emphasis on infrastructure, particularly investments on roads. The government intends to shift more resources toward social services. Aside from the $1 billion expected to be committed, the Bolivian government estimated that about $60 million can be expected from other donors not present at the meeting.□

Bolivia's people, like this mother and child in La Paz, are the centerpiece of the country's strategy for economic growth.

Pledges to Zimbabwe Near $800 Million

Zimbabwe's economic development and reform programs in 1994 will get a boost from $789 million in loans and grants pledged by a group representing aid donor nations and international organizations at a meeting sponsored by the World Bank December 13 and 14.

The financial assistance will also aid the country's efforts to recover from a devastating drought which struck the country—and much of southern Africa—last year.

A statement issued by the group at the end of the meeting said that Zimbabwe won praise for progress in overhauling the national economy through reforms that include trade liberalization, relaxing controls on private investment and reducing restrictions on the marketing of agricultural goods.

But the group said Zimbabwe needs to ensure that reforms are sustainable. "The [reform] program must take additional steps to improve the investment climate in order to generate a supply response and accelerate economic growth and employment creation," according to the group's statement.

Zimbabwe must also maintain its progress in protecting the poor while economic reforms are under way.

Stephen Denning, director of the World Bank's Southern Africa Department, chaired the Paris meeting.□

Date	Event	Sponsor	Location	Telephone
DECEMBER				
16-17	Consultative Group Meeting for Occupied Territories	World Bank	Paris	(202) 473-2713*
20-21	Malawi Consultative Group Meeting	World Bank	Paris	(33-1) 4069-3016
JANUARY 1994				
14	Consultative Group Meeting for Kazakhstan	World Bank	Paris	(33-1)4069-3016
25	Economic and Social Council, Election of the Bureau for 1994	United Nations	New York	(212)-963-5739*
28-30	Annual Meeting	World Economic Forum	Davos, Switzerland	(41-22)736-0243
MARCH				
21-29	World Telecommunication Development Conference	ITU	Buenos Aires	(41-22)730-5111
28-29	Meeting on Population and Development	OECD	Paris	(202)785-6323*
APRIL				
4-7	Fifth Global Warming Science and Policy International Conference and Expo	Global Warming International Center	San Francisco	(708) 910-1551*
4-9	21st World Conference of the Society for International Development	SID	Mexico City	(0939) 6591-7897
11-13	Annual Meeting of the Board of the Inter-American Development Bank	IDB	Guadalajara, Mexico	(202)623-3435*
28-29	Annual Bank Conference on Development Economics	World Bank	Washington	(202)473-1062*

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

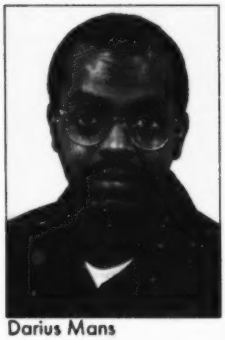
LENDING

Papua New Guinea Explores Petroleum Riches

Papua New Guinea holds a wealth of petroleum reserves. But, until recently, many of the country's oil and gas resources have gone untapped because of the islands' rugged terrain and lack of investor interest.

Today, almost 80 years after the first barrels of crude oil spurted from the ground, Papua New Guinea, an East Asian country of 600 islands, is beginning to see its petroleum business boom, giving badly needed income to the country's 4 million people. On December 9, the World Bank approved an $11 million loan to keep this expansion alive by helping the country improve its exploration and development of the islands' oil and gas reserves.

M. Iannacci



Darius Mans

Through a mix of training, technical assistance and studies, the Bank loan will help Papua New Guinea boost its petroleum exports. Papua New Guinea will also improve government monitoring of petroleum activity while reviewing how to make oil and gas exploration more appealing to investors.

"Papua New Guinea needs to aggressively promote the potential of its gas and oil resources, and this project will help the country do that," says Darius Mans, senior industrial economist in the industry and energy operations division of the Bank's Asia Region. "It's now a very competitive market out there in petroleum. Many countries are either actively courting or attracting international oil companies, especially some countries of the former Soviet Union and Latin America."

Papua New Guinea will try to attract more investor interest in its petroleum sector by streamlining regulations and ownership laws.

In recent years, the country has successfully increased petroleum investment through a package of incentives. But the rise in competition from other countries has prompted Papua New Guinea to review its incentive framework. By reshaping its regulations and ownership restrictions, it hopes to better meet investors' needs.

The government will also improve its ability to reap the benefits of the petroleum sector's growth by increasing its capacity to monitor oil exploration. International petroleum experts will give advice and technical assistance and will train Papua New Guinean staff. Experts will also be used to study whether the country should build a petroleum refinery and will compile tougher environmental studies for the industry.

The loan will also pay for a new computer system to upgrade the country's exploration data network. Meanwhile, some Papua New Guineans will learn more about the industry through training and internships with operating companies in other countries. Also, outside assistance will help draft and put in place newer, more environmentally friendly standards for storage and handling of petroleum products.

Oil exploration in Papua New Guinea started in 1913 but the crude that flowed from the first bore holes was deemed commercially unattractive. By 1981, some 130 wells had been drilled but no great discoveries were reported and many oil companies began to lose interest in the country. Rugged terrain also made many sites harder to reach than in other countries.

But in 1983, Papua New Guinea's petroleum potential gained new life with the help of a credit from the International Development Association (IDA). With technical assistance funded by the IDA credit, Papua New Guinea revitalized its exploration for petroleum reserves and beefed up its ability to promote the search with international oil companies.

The effort paid off. Since 1983, 98 new wells have been drilled and 22 oil and gas discoveries, along with other possible reserves, were reported.

The new petroleum boom has delivered badly needed funds to Papua New Guinea, which still ranks as a low-income country with an average yearly income of $820. Oil revenues now fill one-third of the country's export earnings and, in 1992, pushed the national balance sheet into surplus. Oil output in 1993 averaged 140,000 barrels a day.

But what Papua New Guinea does with the new-found revenue is crucial, says Mans.

"The key question is how Papua New Guinea is going to use the petroleum resources. Rather than use petroleum revenues to finance budget deficits, the government needs to invest the money in productive investments, infrastructure or human resource development that will have long-term benefits for the economy and allow the country to make the most of its petroleum success," he says.

Part of that reinvestment should go toward diversifying the Papua New Guinean economy, says Mans. Although gas and oil production is expected to rise, output is slated to fall by the end of the decade, leaving the country to look for revenues in other places. In that light, Papua New Guinea needs to strengthen its ability to produce its other main exports, including gold, other minerals, timber and tree products.

Despite growing output, petroleum investments fell in recent years in Papua New Guinea. As petroleum prices fell worldwide, oil companies slashed exploration and development budgets and turned to investment opportunities in other countries. The fall, though, may have bottomed out. Companies already have plans to drill 8 to 11 oil wells in 1994.

If Papua New Guinea manages its new-found petroleum potential, it could help raise the general standard of living. Although absolute poverty isn't a major problem in the country, social indicators still lag far behind those of East Asian countries and nations with similar incomes.□

LENDING

Comoros Targets Communities to Improve Living Standards Throughout the Country

Communities have long been very active in nurturing the development of the 480,000 people of Comoros, a nation of islands off the east coast of Africa.

Recognizing that communities are the backbone of the national economy, Comoros is launching a community-based project to improve health and education and raise people's incomes. On December 14, the plan won support in the shape of a credit of SDR 9.2 million ($13 million) from the International Development Association (IDA).

Under the project, the central government will work with communities to make health and education services more efficient. It will also spur small-scale development activities through a community development support fund.

Involving communities is crucial to Comoros' long-term development, says Amolo Ng'Weno, an economist in the population and human resources division of the Bank's Africa Region. Because of weaknesses in central government and strong cultural traditions, communities have traditionally handled many services, including contributing to the construction of schools, health clinics and markets.

"The project is designed to build on a strong community tradition and to promote grassroots participation," says Ng'Weno. "In contrast to the fragmentation in national politics, there is strong cohesion at the communal level. Comorians have a deep sense of being part of a community and are ready to make sacrifices to improve local conditions."

The plan aims to improve health services, especially for AIDS prevention and treatment and family planning, through training of health staff and repairs to hospitals and health centers. Currently, AIDS is not a severe problem for Comorians but it threatens to rise sharply in the near future. Also, family planning has made only limited inroads in Comoros, with only 4 percent of adults in reproductive years using contraceptives.

The community development fund will focus on training communities and local groups in how to better develop local projects. Major efforts will aim to repair primary schools and water supply facilities while increasing income-earning and educational opportunities for women.□

CHINA A $140 million World Bank loan will help China develop roads in Fujian Province, a mountainous area of nearly 31 million people. The project includes a four-lane highway between the Xiamen and Quanzhou regions and seven rural roads.

THE GAMBIA A credit of SDR 7.9 million ($11 million) from the International Development Association (IDA) will help The Gambia launch a public works project to build roads and drainage systems and other infrastructure.

GHANA Poor farmers will benefit from a new agricultural project supported by an IDA credit of SDR 15.3 million ($21.5 million). The credit will make it possible for the government to increase the flow of technical and financial resources for rural development, thereby boosting agricultural production and improving links to markets.

MALAYSIA The government will increase its ability to monitor public health and raise occupational health and safety standards with support from a $50 million Bank loan. The project aims to improve surveillance and disease control, expand health care facilities , improve blood transfusion services and strengthen the health ministry.

TUNISIA The Tunisian government aims to better finance the investment needs of the private sector and increase competition among the country's financial institutions with help from a $120 million Bank loan.

WORLD BANK NEWS

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